

SCHEDULES

SCHEDULE 29

GAINS AND LOSSES OF A COMPANY FROM INTANGIBLE FIXED ASSETS

PART 9

APPLICATION OF PROVISIONS TO GROUPS OF COMPANIES

Degrouping: principal company becoming member of another group

- 60 (1) Paragraph 58 does not apply where a company ceases to be a member of a group by reason only of the fact that the principal company of the group becomes a member of another group (“the second group”).
- (2) But if, in a case where paragraph 58 would have applied but for sub-paragraph (1) above, after the transfer and before the end of the period of six years after the date of the transfer—
- (a) the transferee ceases to satisfy the condition that it is both a 75% subsidiary and an effective 51% subsidiary of one or more members of the second group (“the qualifying condition”), and
 - (b) at the time at which the transferee ceases to satisfy that condition, the relevant asset is held by the transferee or another company in the same group,
- this Schedule has effect as if the transferee, immediately after the transfer to it of the relevant asset, had realised the asset for its market value at that time and immediately reacquired the asset at that value.
- (3) The adjustments required to be made in consequence of sub-paragraph (2), by the transferee or a company to which the relevant asset has been subsequently transferred, in relation to the period between—
- (a) the transfer of the relevant asset to the transferee, and
 - (b) the transferee ceasing to satisfy the qualifying condition,
- shall be made by bringing the aggregate net credit or debit into account as if it had arisen immediately before the transferee ceased to satisfy the qualifying condition.
- (4) For the purposes of Part 6 (how credits and debits are given effect) credits or debits brought into account by virtue of this paragraph take their character from the purposes for which the relevant asset was held by the transferee immediately after the transfer.
- Provided that, in a case where—
- (a) the asset was then held by the transferee for the purposes of a trade, business or concern within paragraph 31, 32 or 33, and
 - (b) the transferee ceased to carry on that trade, business or concern before it ceased to satisfy the qualifying condition,

Status: This is the original version (as it was originally enacted).

any credit or debit brought into account by virtue of this paragraph in respect of the asset shall be treated for the purposes of Part 6 as a non-trading credit or debit.

- (5) This paragraph is subject to paragraph 62 (merger carried out for bona fide commercial reasons).