

## SCHEDULES

### SCHEDULE 29

#### GAINS AND LOSSES OF A COMPANY FROM INTANGIBLE FIXED ASSETS

##### PART 9

###### APPLICATION OF PROVISIONS TO GROUPS OF COMPANIES

*Degrouping: merger carried out for bona fide commercial reasons*

- 62 (1) Paragraphs 58 to 61 do not apply where—
- (a) the transferee ceases to be a member of a group of companies (“the group”) as part of a merger, and
  - (b) the merger is carried out for bona fide commercial reasons and the avoidance of liability to tax is not the main or one of the main purposes of the merger.
- (2) For this purpose a “merger” means an arrangement (which in this paragraph includes a series of arrangements) whereby—
- (a) one or more companies (“the acquiring company” or, as the case may be, “the acquiring companies”) none of which is a member of the group acquires or acquire, otherwise than with a view to their disposal, one or more interests in the whole or part of the business which, before the arrangement took effect, was carried on by the transferee, and
  - (b) one or more members of the group acquires or acquire, otherwise than with a view to their disposal, one or more interests in the whole or part of the business or each of the businesses which, before the arrangement took effect, was carried on either by the acquiring company or acquiring companies or by a company at least 90% of the ordinary share capital of which was then beneficially owned by two or more of the acquiring companies,
- and in respect of which the conditions in sub-paragraph (4) below are fulfilled.
- (3) For the purposes of sub-paragraph (2) a member of a group of companies shall be treated as carrying on as one business the activities of that group.
- (4) The conditions referred to in sub-paragraph (2) are—
- (a) that not less than 25% by value of each of the interests acquired as mentioned in sub-paragraph (2)(a) and (b) consists of a holding of ordinary share capital, and the remainder of the interest, or as the case may be of each of the interests, acquired as mentioned in sub-paragraph (2)(b) consists of a holding of share capital (of any description) or debentures or both; and
  - (b) that the value or, as the case may be, the aggregate value of the interest or interests acquired as mentioned in sub-paragraph (2)(a) is substantially the same as the value or, as the case may be, the aggregate value of the interest or interests acquired as mentioned in sub-paragraph (2)(b); and

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

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- (c) that the consideration for the acquisition of the interest or interests acquired by the acquiring company or acquiring companies as mentioned in sub-paragraph (2)(a), disregarding any part of that consideration which is small by comparison with the total, either consists of, or is applied in the acquisition of, or consists partly of and as to the balance is applied in the acquisition of, the interest or interests acquired by members of the group as mentioned in sub-paragraph (2)(b).
- (5) For the purposes of sub-paragraph (4) the value of an interest shall be determined as at the date of its acquisition.