

## SCHEDULES

### SCHEDULE 9

#### CHARGEABLE GAINS: SHARE EXCHANGES AND COMPANY RECONSTRUCTIONS

##### PART 1

#### PROVISIONS REPLACING SECTIONS 135 AND 136 OF THE TAXATION OF CHARGEABLE GAINS ACT 1992

##### *Share exchanges*

- 1 For section 135 of the Taxation of Chargeable Gains Act 1992 (exchange of securities for those in another company) substitute—

##### **“135 Exchange of securities for those in another company**

- (1) This section applies in the following circumstances where a company (“company B”) issues shares or debentures to a person in exchange for shares in or debentures of another company (“company A”).

- (2) The circumstances are:

##### *Case 1*

Where company B holds, or in consequence of the exchange will hold, more than 25% of the ordinary share capital of company A.

##### *Case 2*

Where company B issues the shares or debentures in exchange for shares as the result of a general offer—

- (a) made to members of company A or any class of them (with or without exceptions for persons connected with company B), and  
(b) made in the first instance on a condition such that if it were satisfied company B would have control of company A.

##### *Case 3*

Where company B holds, or in consequence of the exchange will hold, the greater part of the voting power in company A.

- (3) Where this section applies, sections 127 to 131 (share reorganisations etc) apply with the necessary adaptations as if company A and company B were the same company and the exchange were a reorganisation of its share capital.
- (4) In this section “ordinary share capital” has the meaning given by section 832(1) of the Taxes Act and also includes—

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*Status: This is the original version (as it was originally enacted).*

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- (a) in relation to a unit trust scheme, any rights that are treated by section 99(1)(b) of this Act (application of Act to unit trust schemes) as shares in a company, and
  - (b) in relation to a company that has no share capital, any interests in the company possessed by members of the company.
- (5) This section applies in relation to a company that has no share capital as if references to shares in or debentures of the company included any interests in the company possessed by members of the company.
- (6) This section has effect subject to section 137(1) (exchange must be for bona fide commercial reasons and not part of tax avoidance scheme).”.