



Corporation Tax Act 2010

2010 CHAPTER 4

PART 14

CHANGE IN COMPANY OWNERSHIP

CHAPTER 7

MEANING OF “CHANGE IN THE OWNERSHIP OF A COMPANY”

Meaning of “change in the ownership of a company”

719 Meaning of “change in the ownership of a company”

- (1) For the purposes of this Part there is a change in the ownership of a company if condition A, B or C is met.
- (2) Condition A is that a single person acquires a holding of more than half the ordinary share capital of the company.
- (3) Condition B is that—
 - (a) two or more persons each acquire a holding of at least 5% of the ordinary share capital of the company, and
 - (b) those holdings together amount to more than half the ordinary share capital of the company.
- (4) Condition C is that—
 - (a) two or more persons each acquire a holding of the ordinary share capital of the company, and
 - (b) those holdings together amount to more than half the ordinary share capital of the company,but there is disregarded a holding of less than 5% unless—
 - (i) it is an addition to an existing holding, and

- (ii) the two holdings together amount to at least 5% of the ordinary share capital of the company.
- (5) See also sections 721 and 722 which provide for things other than ordinary share capital to be taken into account in determining whether there has been a change in the ownership of a company.

720 Section 719: supplementary

- (1) The following provisions apply for the purposes of section 719.
- (2) The circumstances at any two points in time with not more than 3 years between may be compared, and a holder (“H”) at the later time may be regarded as having acquired whatever H did not hold at the earlier time.

It does not matter what H has acquired or disposed of in between.

- (3) To allow for any issue of shares or other reorganisation of capital, the comparison may be made in terms of percentage holdings of the total ordinary share capital at the respective times, so that a person whose percentage holding is greater at the later time may be regarded as having acquired a percentage holding equal to the increase.
- (4) To decide if a person has acquired—
 - (a) a holding of at least 5%, or
 - (b) a holding which makes at least 5% when added to an existing holding,
 acquisitions by, and holdings of, two or more persons who are connected persons are to be added together as if they were acquisitions by, and holdings of, one and the same person.
- (5) Any acquisition of shares under a will or on intestacy is left out of account.
- (6) Any gift of shares which is unsolicited and made without regard to the provisions of this Part is left out of account.

721 When things other than ordinary share capital may be taken into account: Chapters 2 to 5

- (1) This section applies for the purposes of Chapters 2 to 5 if conditions A and B are met.
- (2) Condition A is that persons (whether company members or not) possess extraordinary rights or powers under any document regulating a company.
- (3) Condition B is that because of that fact ownership of the ordinary share capital may not be an appropriate test of whether there has been a major change in the persons for whose benefit the relief may ultimately enure.
- (4) In determining whether there has been a change in the ownership of the company for the purposes of Chapter 2, 3, 4 or 5, any of the following may be taken into account instead of ordinary share capital—
 - (a) holdings of all kinds of share capital,
 - (b) holdings of any particular kind of share capital,
 - (c) voting power, and
 - (d) any other kind of special power.

**722 When things other than ordinary share capital may be taken into account:
Chapter 6**

- (1) This section applies for the purposes of Chapter 6 if conditions A and B are met.
- (2) Condition A is that persons (whether company members or not) possess extraordinary rights or powers under any document regulating a company.
- (3) Condition B is that because of that fact ownership of the ordinary share capital may not be an appropriate test of whether there has been a change in the ownership of the company.
- (4) In determining whether there has been a change in the ownership of the company for the purposes of Chapter 6, any of the following may be taken into account instead of ordinary share capital—
 - (a) holdings of all kinds of share capital,
 - (b) holdings of any particular kind of share capital,
 - (c) voting power, and
 - (d) any other kind of special power.