



# Corporation Tax Act 2010

## 2010 CHAPTER 4

### PART 23

#### COMPANY DISTRIBUTIONS

### CHAPTER 5

#### DEMERGERS

#### *Exempt distributions*

#### **1075 Exempt distributions**

- (1) An exempt distribution is not a distribution of a company for the purposes of the Corporation Tax Acts.
- (2) In this Chapter “exempt distribution” means a distribution which is an exempt distribution by virtue of section 1076, 1077 or 1078.

#### **1076 Transfer of shares in subsidiaries to members**

A distribution is an exempt distribution if—

- (a) it consists of the transfer by a company to all or any of its members of shares in one or more companies which are its 75% subsidiaries,
- (b) each of conditions A to F in sections 1081 and 1082 is met in respect of the distribution, and
- (c) if the company making the transfer is a 75% subsidiary of another company, conditions L and M in section 1085 are met in respect of the distribution.

#### **1077 Transfer by distributing company and issue of shares by transferee company**

- (1) This section applies to a distribution which consists of both of the following—

*Status: Point in time view as at 15/09/2016.*

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- (a) the transfer by a company to one or more other companies (“the transferee company or companies”) of—
    - (i) a trade or trades, or
    - (ii) shares in one or more companies which are 75% subsidiaries of the company making the transfer, and
  - (b) the issue of shares by the transferee company or companies to all or any of the members of the company making the transfer.
- (2) A distribution to which this section applies is an exempt distribution if—
- (a) each of conditions A to D in section 1081 and each of conditions G to K in section 1083 is met in respect of the distribution, and
  - (b) if the company making the transfer is a 75% subsidiary of another company, conditions L and M in section 1085 are met in respect of the distribution.

### **1078 Division of business in a cross-border transfer**

- (1) This section applies to a distribution which consists of—
- (a) the transfer of part of a business by a company to one or more other companies (“the transferee company or companies”), and
  - (b) the issue of shares by the transferee company or companies to the members of the company making the transfer.
- (2) A distribution to which this section applies is an exempt distribution if either—
- (a) each of the tests in paragraphs (a) to (f) of section 140A(1A) of TCGA 1992 (cross-border transfers: division of UK business) is met in relation to it, or
  - (b) each of the tests in paragraphs (a) to (e) of section 140C(1A) of TCGA 1992 (cross-border transfers: division of non-UK business) is met in relation to it.

### **1079 “The distributing company”**

References in this Chapter to the distributing company are—

- (a) in the case of a distribution falling within paragraph (a) of section 1076, to the company that makes the transfer of shares mentioned in that paragraph,
- (b) in the case of a distribution falling within section 1077(1), to the company that makes the transfer mentioned in section 1077(1)(a), and
- (c) in the case of a distribution falling within section 1078(1), to the company that makes the transfer of part of a business mentioned in section 1078(1)(a).

### **1080 Meaning of “relevant company”**

- (1) This section gives the meaning of “relevant company” in this Chapter.
- (2) In the case of a distribution falling within section 1076(a) the relevant companies are—
- (a) the distributing company, and
  - (b) each subsidiary whose shares are transferred as mentioned in section 1076(a).
- (3) In the case of a distribution falling within section 1077(1), the relevant companies are—
- (a) the distributing company,
  - (b) each transferee company mentioned in section 1077(1)(a), and

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- (c) each subsidiary whose shares are transferred as mentioned in section 1077(1)(a)(ii).
- (4) In the case of a distribution falling within section 1078(1), the relevant companies are—
  - (a) the distributing company, and
  - (b) each transferee company mentioned in section 1078(1)(a).

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