

FINANCE ACT 2012

EXPLANATORY NOTES

INTRODUCTION

Section 181: Transfers Within a Group by Companies Carrying on Ring Fence Trade

Summary

1. **Section 181** amends section 171A of the Taxation of Chargeable Gains Act 1992 (TCGA 1992), which provides an election to transfer a gain or loss from one company to another member of the group. This section restricts the scope of section 171A. Under the current law where there is a transfer of a ring fence chargeable gain from a ring fence company to a non-ring fence company the ring fence gain is not subject to supplementary charge, because the non-ring fence company does not fall within the scope of the supplementary charge.
2. This section amends section 171A to ensure that an election cannot be made to transfer a ring fence chargeable gain from a company carrying on a ring fence trade to a company not carrying on a ring fence trade.
3. This section has effect in relation to chargeable gains accruing, or treated as accruing under section 197(4), in chargeable periods ending on or after 6 December 2011.
4. Where a chargeable period begins before 6 December and ends on or after that date (“the straddling period”) this section has effect as if so much of the straddling period as falls before 6 December, and so much of that period as falls on or after that date were separate chargeable periods.