



Finance Act 2014

2014 CHAPTER 26

PART 1

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 3

CORPORATION TAX: GENERAL

37 Changes in company ownership

- (1) Part 14 of CTA 2010 (change in company ownership) is amended as follows.
- (2) In section 688 (meaning of “significant increase in the amount of a company's capital”), in subsection (2), for paragraph (b) and the “or” before it substitute “, and
(b) is at least 125% of amount A.”
- (3) In section 723 (changes in indirect ownership), in subsection (1), after “section 724” insert “ or 724A ”.
- (4) After section 724 insert—

“724A Disregard of change in parent company

- (1) Where a new company (“N”) acquires all the issued share capital of another company (“C”), the resulting ownership change is disregarded for the purposes of Chapters 2 to 6 if, immediately after that acquisition (“the acquisition”), N—
 - (a) possesses all of the voting power in C,
 - (b) is beneficially entitled to 100% of any profits available for distribution to equity holders of C,

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- (c) would be beneficially entitled to 100% of any assets of C available for distribution to its equity holders in the event of a winding up of C or in any other circumstances, and
 - (d) meets the continuity requirements.
- (2) “The resulting ownership change” means the change in the ownership of C by reason of Condition A in section 719 being met in relation to the acquisition.
- (3) A company is “new” if, before the acquisition, it has neither—
 - (a) issued any shares other than subscriber shares, nor
 - (b) begun to carry on any trade or business.
- (4) N meets the continuity requirements if, and only if—
 - (a) the consideration for the acquisition consists only of the issue of shares in N to the shareholders of C,
 - (b) immediately after the acquisition, each person who immediately before the acquisition was a shareholder of C is a shareholder of N,
 - (c) immediately after the acquisition, the shares in N are of the same classes as were the shares in C immediately before the acquisition,
 - (d) immediately after the acquisition, the number of shares of any particular class in N bears to all the shares in N the same proportion, or as nearly as may be the same proportion, as the number of shares of that class in C bore to all the shares in C immediately before the acquisition, and
 - (e) immediately after the acquisition, the proportion of shares of any particular class in N held by any particular shareholder is the same, or as nearly as may be the same, as the proportion of shares of that class in C held by that shareholder immediately before the acquisition.
- (5) For the purposes of this section, N is treated as acquiring all the issued share capital of C for consideration consisting only of the issue of shares in N to the shareholders of C if, as a result of a scheme of reconstruction involving the cancellation of all shares in C and the issue of shares in N—
 - (a) N holds all the issued share capital of C by reason of that share capital being issued to N by C, and
 - (b) only shares in N are issued to the persons who were shareholders of C immediately before the shares in C were cancelled.
- (6) In a case within subsection (5), subsection (4) applies as if any reference to immediately before the acquisition were a reference to immediately before the shares in C were cancelled.
- (7) “Scheme of reconstruction” means a scheme carried out in pursuance of a compromise or arrangement—
 - (a) to which Part 26 of the Companies Act 2006 (arrangements and reconstructions) applies, or
 - (b) under any corresponding provision of the law of a country or territory outside the United Kingdom.
- (8) Chapter 6 of Part 5 (equity holders and profits or assets available for distribution) applies for the purposes of subsection (1)(b) and (c) as it applies for the purposes of section 151(4).”

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- (5) In section 726 (interpretation of Chapter), after “acquisition” insert “ and shareholder ”.
- (6) The amendments made by this section have effect in relation to any change of ownership which occurs on or after 1 April 2014.

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 212(4)(f) and word inserted by [2021 c. 26 Sch. 27 para. 43\(b\)\(ii\)](#)
- s. 212(5)(a)(iv) and word inserted by [2021 c. 26 Sch. 27 para. 43\(c\)\(ii\)](#)
- s. 212(5)(b)(iv) and word inserted by [2021 c. 26 Sch. 27 para. 43\(c\)\(iv\)](#)
- s. 212(5)(c)(iv) and word inserted by [2021 c. 26 Sch. 27 para. 43\(c\)\(v\)](#)
- Sch. 31 para. 2(3)(b) inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(iii\)](#)
- Sch. 31 para. 2(4A) inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(c\)](#)
- Sch. 31 para. 3(1A) inserted by [2017 c. 32 Sch. 14 para. 45\(3\)\(b\)](#)
- Sch. 31 para. 5(b) inserted by [2017 c. 32 Sch. 14 para. 45\(4\)\(c\)](#)
- Sch. 31 para. 2(3)(a) words inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(ii\)](#)
- Sch. 31 para. 5(a) words inserted by [2017 c. 32 Sch. 14 para. 45\(4\)\(b\)](#)
- Sch. 31 para. 2(3)(a) words renumbered as Sch. 31 para. 2(3)(a) by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(i\)](#)
- Sch. 31 para. 5(a) words renumbered as Sch. 31 para. 5(a) by [2017 c. 32 Sch. 14 para. 45\(4\)\(a\)](#)
- Sch. 32 para. 1(2)(b) inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(iii\)](#)
- Sch. 32 para. 1(3A) inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(c\)](#)
- Sch. 32 para. 1(2)(a) words inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(ii\)](#)
- Sch. 32 para. 1(2)(a) words renumbered as Sch. 32 para. 1(2)(a) by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(i\)](#)