

**SCHEDULE 10**  
*(introduced by section 27)*

**GROUP RELIEF**

**PART 1**

**INTRODUCTORY**

*Overview*

- 1 (1) This schedule provides for relief for certain transactions involving companies.
- (2) It is arranged as follows—
  - Part 2 provides for when relief is available,
  - Part 3 provides for when the relief is withdrawn,
  - Part 4 defines expressions used in this schedule.

**PART 2**

**THE RELIEF**

*The relief*

- 2 A land transaction is exempt from charge if the seller and buyer are companies that at the effective date of the transaction are members of the same group.

*Restrictions on availability of relief*

- 3 Relief under this schedule is not available if at the effective date of the transaction there are arrangements in existence by virtue of which, at that or some later time, a person has or could obtain, or any persons together have or could obtain, control of the buyer but not of the seller.
- 4 Paragraph 3 does not apply to arrangements to which paragraph 9 or 10 applies.
- 5 Relief under this schedule is not available if the transaction is effected in pursuance of, or in connection with, arrangements under which—
  - (a) the consideration, or any part of the consideration, for the transaction is to be provided or received (directly or indirectly) by a person other than a group company, or
  - (b) the seller and the buyer are to cease to be members of the same group by reason of the buyer ceasing to be a 75% subsidiary of the seller or a third company.
- 6 Arrangements are within paragraph 5(a) if under them the seller or the buyer, or another group company, is to be enabled to provide any of the consideration, or is to part with any of it, by or in consequence of the carrying out of a transaction or transactions involving, or any of them involving, a payment or other disposition by a person other than a group company.
- 7 Paragraph 5(b) does not apply to arrangements to which paragraph 10 applies.

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- 8 Relief under this schedule is not available if the transaction—
- (a) is not effected for bona fide commercial reasons, or
  - (b) forms part of arrangements the main purpose, or one of the main purposes, of which is the avoidance of liability to the tax.

*Arrangements that do not restrict availability of relief*

- 9 This paragraph applies to arrangements entered into with a view to an acquisition of shares by a company (“the acquiring company”)—
- (a) in relation to which section 75 of the Finance Act 1986 (c.41) (stamp duty: acquisition relief) will apply,
  - (b) in relation to which the conditions for relief under that section will be met, and
  - (c) as a result of which the buyer will be a member of the same group as the acquiring company.
- 10 This paragraph applies to arrangements in so far as they are for the purpose of facilitating a transfer of the whole or part of the business of a company to another company in relation to which—
- (a) section 96 of the Finance Act 1997 (c.16) (stamp duty relief: demutualisation of insurance companies) is intended to apply, and
  - (b) the conditions for relief under that section are intended to be met.

*Interpretation*

- 11 In this Part of this schedule—
- “control” has the meaning given by section 1124 of the Corporation Tax Act 2010 (c.4),
  - “group company” means a company that at the effective date of the transaction is a member of the same group as the seller and the buyer.

### PART 3

#### WITHDRAWAL OF RELIEF

*Overview*

- 12 This Part of this schedule is arranged as follows—
- paragraphs 13 to 19 provide for circumstances where relief under this schedule is withdrawn,
  - paragraphs 20 to 31 provide for circumstances in which, despite paragraphs 13 to 19, relief is not withdrawn, and
  - paragraphs 32 to 40 provide for the application of paragraphs 13 to 31 where there are successive transactions.

*Withdrawal of relief*

- 13 Relief under this schedule is withdrawn or partially withdrawn where paragraphs 14 and 15 apply.

- 14 This paragraph applies where the buyer in the transaction which is exempt from charge by virtue of this schedule (“the relevant transaction”) ceases to be a member of the same group as the seller—
- (a) before the end of the period of 3 years beginning with the effective date of the transaction, or
  - (b) in pursuance of, or in connection with, arrangements made before the end of that period.
- 15 This paragraph applies where, at the time the buyer ceases to be a member of the same group as the seller (“the relevant time”), it or a relevant associated company holds a chargeable interest—
- (a) that was acquired by the buyer under the relevant transaction, or
  - (b) that is derived from a chargeable interest so acquired,
- and that has not subsequently been acquired at market value under a chargeable transaction for which relief under this schedule was available but not claimed.

*Amount of tax chargeable where relief withdrawn*

- 16 Where relief is withdrawn, the amount of tax chargeable is determined in accordance with paragraph 17.
- 17 The amount chargeable is the tax that would have been chargeable in respect of the relevant transaction but for the relief if the chargeable consideration for that transaction had been an amount equal to—
- (a) the market value of the subject-matter of the transaction, or
  - (b) if the acquisition was the grant of a lease, the rent.

*Amount of tax chargeable where relief partially withdrawn*

- 18 Where relief is partially withdrawn, the amount of tax chargeable is an appropriate proportion of the amount determined in accordance with paragraph 17.
- 19 An “appropriate proportion” means an appropriate proportion having regard to—
- (a) the subject-matter of the relevant transaction, and
  - (b) what is held at the relevant time by the buyer or, as the case may be, by the buyer and its relevant associated companies.

*Case where relief not withdrawn: winding up*

- 20 Relief under this schedule is not withdrawn where the buyer ceases to be a member of the same group as the seller by reason of anything done for the purposes of, or in the course of, winding up the seller or another company that is above the seller in the group structure.

*Cases where relief not withdrawn: stamp duty reliefs*

- 21 Relief under this schedule is not withdrawn where—
- (a) the buyer ceases to be a member of the same group as the seller as a result of an acquisition of shares by another company (“the acquiring company”) in relation to which—
    - (i) section 75 of the Finance Act 1986 (c.41) (stamp duty: acquisition relief) applies, and

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- (ii) the conditions for relief under that section are met, and
  - (b) the buyer is immediately after that acquisition a member of the same group as the acquiring company.
- 22 Relief under this schedule is not withdrawn where—
- (a) the buyer ceases to be a member of the same group as the seller as a result of the transfer of the whole or part of the seller’s business to another company (“the acquiring company”) in relation to which—
    - (i) section 96 of the Finance Act 1997 (c.16) (stamp duty relief: demutualisation of insurance companies) applies, and
    - (ii) the conditions for relief under that section are met, and
  - (b) the buyer is immediately after that transfer a member of the same group as the acquiring company.
- 23 But where, in a case to which paragraph 21 or 22 applies—
- (a) the buyer ceases to be a member of the same group as the acquiring company in the circumstances mentioned in paragraph 24, and
  - (b) at the time the buyer ceases to be a member of the same group as the acquiring company, it or a relevant associated company holds a chargeable interest to which paragraph 25 applies,
- this schedule applies as if the buyer had then ceased to be a member of the same group as the seller.
- 24 The circumstances referred to in paragraph 23(a) are that the buyer ceases to be a member of the same group as the acquiring company—
- (a) before the end of the period of 3 years beginning with the effective date of the transaction which is exempt from charge by virtue of this schedule (“the relevant transaction”), or
  - (b) in pursuance of, or in connection with, arrangements made before the end of that period.
- 25 This paragraph applies to a chargeable interest—
- (a) that was acquired by the buyer under the relevant transaction, or
  - (b) that is derived from a chargeable interest so acquired,
- and that has not subsequently been acquired at market value under a chargeable transaction for which relief under this schedule was available but not claimed.

*Case where relief not withdrawn: seller leaves group*

- 26 Relief under this schedule is not withdrawn where the buyer ceases to be a member of the same group as the seller because the seller leaves the group.
- 27 The seller is regarded as leaving the group if the companies cease to be members of the same group by reason of a transaction relating to shares in—
- (a) the seller, or
  - (b) another company that is above the seller in the group structure and as a result of the transaction ceases to be a member of the same group as the buyer.
- 28 But if there is a change in the control of the buyer after the seller leaves the group, paragraphs 13 to 19 and 22 to 25 have effect as if the buyer had then ceased to be a member of the same group as the seller.
- 29 Paragraph 28 does not apply where—

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- (a) there is a change in the control of the buyer because a loan creditor (within the meaning given by section 453 of the Corporation Tax Act 2010 (c.4)) obtains control of, or ceases to control, the buyer, and
  - (b) the other persons who controlled the buyer before the change continue to do so.
- 30 There is a change in the control of the buyer if—
- (a) a person who controls the buyer (alone or with others) ceases to do so,
  - (b) a person obtains control of the buyer (alone or with others), or
  - (c) the buyer is wound up.
- 31 For the purposes of paragraph 30 a person does not control, or obtain control of, the buyer if that person is under the control of another person or other persons.

*Withdrawal of relief in certain cases involving successive transactions*

- 32 Where the following conditions are met, paragraphs 13 to 31 have effect in relation to the relevant transaction as if the seller in relation to the earliest previous transaction falling within paragraph 37 were the seller in relation to the relevant transaction.
- 33 The first condition is that there is a change in control of the buyer.
- 34 The second condition is that the change occurs—
- (a) before the end of the period of 3 years beginning with the effective date of the transaction which is exempt from charge by virtue of this schedule (“the relevant transaction”), or
  - (b) in pursuance of, or in connection with, arrangements made before the end of that period.
- 35 The third condition is that, apart from paragraph 32, relief under this schedule in relation to the relevant transaction would not be withdrawn under paragraph 13.
- 36 The fourth condition is that any previous transaction falls within paragraph 37.
- 37 A previous transaction falls within this paragraph if—
- (a) the previous transaction is exempt from charge by virtue of this schedule or schedule 11 (reconstruction relief and acquisition relief),
  - (b) the effective date of the previous transaction is less than 3 years before the date of the change mentioned in the first condition,
  - (c) the chargeable interest acquired under the relevant transaction by the buyer in relation to that transaction is the same as, comprises, forms part of, or is derived from, the chargeable interest acquired under the previous transaction by the buyer in relation to the previous transaction, and
  - (d) since the previous transaction, the chargeable interest acquired under that transaction has not been acquired by any person under a transaction that is not exempt from charge by virtue of this schedule or schedule 11 (reconstruction relief and acquisition relief).
- 38 Paragraph 33 does not apply where—
- (a) there is a change in the control of the buyer because a loan creditor (within the meaning given by section 453 of the Corporation Tax Act 2010 (c.4)) obtains control of, or ceases to control, the buyer, and
  - (b) the other persons who controlled the buyer before the change continue to do so.

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- 39 If two or more transactions effected at the same time are the earliest previous transactions falling within paragraph 37, the reference in paragraph 32 to the seller in relation to the earliest previous transaction is a reference to the persons who are the sellers in relation to the earliest previous transactions.
- 40 There is a change in the control of a company if—
- (a) a person who controls the company (alone or with others) ceases to do so,
  - (b) a person obtains control of the company (alone or with others), or
  - (c) the company is wound up.

#### *Interpretation*

- 41 For the purposes of paragraphs 20 and 27 a company is “above” the seller in the group structure if the seller, or another company that is above the seller in the group structure, is a 75% subsidiary of the company.
- 42 In this Part of this schedule—
- “control” is to be interpreted in accordance with sections 450 and 451 of the Corporation Tax Act 2010 (c.4) (but see paragraph 31),
- “relevant associated company”, in relation to the buyer, means a company that—
- (a) is a member of the same group as the buyer immediately before the buyer ceases to be a member of the same group as the seller, and
  - (b) ceases to be a member of the same group as the seller in consequence of the buyer so ceasing.

## **PART 4**

### INTERPRETATION

#### *When are companies members of the same group?*

- 43 Companies are members of the same group if one is the 75% subsidiary of the other or both are 75% subsidiaries of a third company.

#### *When is a company a subsidiary of another company?*

- 44 A company (A) is the 75% subsidiary of another company (B) if B—
- (a) is beneficial owner of not less than 75% of the ordinary share capital of A,
  - (b) is beneficially entitled to not less than 75% of any profits available for distribution to equity holders of A, and
  - (c) would be beneficially entitled to not less than 75% of any assets of A available for distribution to its equity holders on a winding-up.
- 45 For the purposes of paragraph 44(a)—
- (a) the ownership referred to is ownership either directly or through another company or companies,
  - (b) the amount of ordinary share capital of A owned by B through another company or companies is to be determined in accordance with sections 1155 to 1157 of the Corporation Tax Act 2010 (c.4).

- 46 “Ordinary share capital”, in relation to a company, means all the issued share capital (by whatever name called) of the company, other than capital the holders of which have a right to a dividend at a fixed rate but have no other right to share in the profits of the company.
- 47 Chapter 6 of Part 5 of the Corporation Tax Act 2010 (c.4) (group relief: equity holders and profits or assets available for distribution) applies for the purposes of paragraph 44(b) and (c) as it applies for the purposes of section 151(4)(a) and (b) of that Act.
- 48 But sections 171(1)(b) and (3), 173, 174 and 176 to 178 of that Chapter are to be treated as omitted for the purposes of paragraph 44(b) and (c).

*Other definitions*

- 49 In this schedule—
- “arrangements” includes any scheme, agreement or understanding, whether or not legally enforceable,
  - “company” means a body corporate.