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## SCHEDULES

### SCHEDULE 26

#### TRANSFERS: TAX

#### PART V

##### TRANSFERS FROM SRA TO FRANCHISE COMPANY

##### *Interpretation*

- 23 In this Part of this Schedule—
- “relevant transfer” means a transfer of property, rights or liabilities by virtue of a scheme under paragraph 1 of Schedule 21 under which the property, rights or liabilities are transferred to a franchise company,
- “transferee”, in relation to a relevant transfer, means the franchise company to whom the property, rights or liabilities are transferred, and
- “transferor”, in relation to a relevant transfer, means the person from whom the property, rights or liabilities are transferred.
- Chargeable gains: disposals not to be treated as made at market value*
- 24 (1) Section 17 of the 1992 Act (disposals and acquisitions treated as made at market value) is not to have effect in relation to—
- a disposal constituted by a relevant transfer or a disposal by virtue of provision made under paragraph 5 of Schedule 21, or
  - the acquisition made by the person to whom the disposal is made.
- (2) But sub-paragraph (1) does not apply—
- if the person making the disposal is connected with the person making the acquisition, or
  - in the case of a disposal by virtue of provision made under paragraph 5 of Schedule 21, if the disposal is made by or to a person other than the transferor or the transferee.
- (3) If sub-paragraph (1) applies to the disposal of an asset, the disposal is to be taken (in relation to the person making the acquisition as well as the person making the disposal) to be—
- in a case where consideration in money or money’s worth is given by the person making the acquisition or on his behalf in respect of the vesting of the asset in him, for a consideration equal to the amount or value of that consideration, or
  - in a case where no such consideration is given, for a consideration of nil.

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*Chargeable gains: groups*

- 25 (1) Sub-paragraph (2) applies if a company (“the degrouped company”)—
- (a) acquired an asset from another company at any time when both were members of the same group of companies (“the old group”), and
  - (b) ceases by virtue of a relevant transfer to be a member of the old group.
- (2) Section 179 of the 1992 Act (company ceasing to be member of group) is not to treat the degrouped company as having by virtue of the transfer sold and immediately reacquired the asset.
- (3) If sub-paragraph (2) applies to an asset, that section is to have effect on and after the first subsequent occasion on which the degrouped company ceases to be a member of a group of companies (“the new group”), otherwise than by virtue of a qualifying transfer, as if the degrouped company and the company from which it acquired the asset had been members of the new group at the time of acquisition.
- (4) If, disregarding any preparatory transactions, a company would be regarded for the purposes of section 179 of the 1992 Act (and, accordingly, of this paragraph) as ceasing to be a member of a group of companies by virtue of a qualifying transfer, it is to be regarded for those purposes as so doing by virtue of the qualifying transfer and not by virtue of any preparatory transactions.
- (5) In this paragraph “preparatory transaction” means anything done under or by virtue of this Part of this Act for the purpose of initiating, advancing or facilitating the qualifying transfer in question.
- (6) Expressions used in this paragraph and in section 179 of the 1992 Act have the same meanings in this paragraph as in that section.

*Chargeable gains: disposal of debts*

- 26 (1) Sub-paragraph (2) applies if in the case of a relevant transfer—
- (a) a debt owed to the transferor is transferred to the transferee, and
  - (b) the transferor would, apart from this paragraph, be the original creditor in relation to that debt for the purposes of section 251 of the 1992 Act (disposal of debts).
- (2) The 1992 Act is to have effect as if the transferee (and not the transferor) were the original creditor for those purposes.

*Capital allowances: actual consideration to be the disposal value*

- 27 (1) Sub-paragraphs (2) to (4) apply for the purposes of [F1Part 3 of the Capital Allowances Act], and the other provisions of that Act which are relevant to that Part, if there is a disposal by virtue of a relevant transfer of the relevant interest in—
- (a) an industrial building or structure, or
  - (b) a qualifying hotel or a commercial building or structure.
- (2) The disposal is to be treated as a sale of that relevant interest.
- (3) The sale moneys in respect of that sale are to be taken—
- (a) if a capital sum is received by the transferor or a person connected with the transferor by way of consideration or compensation in respect of the disposal, to be an amount equal to that capital sum, or

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- (b) if no such capital sum is received, to be nil.
- (4) [<sup>F2</sup>Sections 567 to 570 of that Act (sales treated as being for alternative amount)] are not to have effect in relation to that sale.
- (5) Sub-paragraph (6) applies for determining, in the case of [<sup>F3</sup>plant or machinery] which is treated for the purposes of [<sup>F4</sup>the Capital Allowances Act] as disposed of by virtue of a relevant transfer, the amount which (in consequence of that disposal) is to be brought into account as the disposal value of that [<sup>F3</sup>plant or machinery] for the purposes of [<sup>F5</sup>section 60 of that Act (meaning of “disposal value” and “disposal event”)].
- (6) The amount is, subject to [<sup>F6</sup>section 62 of that Act (general limit on amount of disposal value)] to be taken—
- (a) if a capital sum is received by the transferor or a person connected with the transferor by way of consideration or compensation in respect of the disposal, to be an amount equal to that capital sum, or
- (b) if no such capital sum is received, to be nil.
- (7) Sub-paragraph (8) applies if, in consequence of a disposal by virtue of a relevant transfer, [<sup>F7</sup>a person is treated by section 188 of the Capital Allowances Act as ceasing to own a fixture] at any time.
- (8) The amount which, in consequence of that disposal, is to be brought into account as the disposal value of the fixture for the purposes of [<sup>F8</sup>section 60 of the Capital Allowances Act] is, subject to section 62 of that Act], to be taken—
- (a) if a capital sum is received by the transferor or a person connected with the transferor by way of consideration or compensation in respect of the disposal, to be an amount equal to that portion of that capital sum which falls (or, if the person to whom the disposal is made were entitled to an allowance, would fall) to be treated for the purposes of [<sup>F9</sup>Part 2 of that Act] as expenditure incurred by that person on the provision of the fixture, or
- (b) if no such capital sum is received, to be nil.
- (9) Sub-paragraphs (3), (6) and (8) have effect despite any other provision of [<sup>F10</sup>the Capital Allowances Act].

#### Textual Amendments

- F1** Words in Sch. 26 para. 27(1) substituted (22.3.2001, with effect as mentioned in 2001 c. 2, s. 579(1)) by 2001 c. 2, s. 578, Sch. 2 para. 109(19)
- F2** Words in Sch. 26 para. 27(4) substituted (22.3.2001, with effect as mentioned in 2001 c. 2, s. 579(1)) by 2001 c. 2, s. 578, Sch. 2 para. 109(20)
- F3** Words in Sch. 26 para. 27(5) substituted (22.3.2001, with effect as mentioned in 2001 c. 2, s. 579(1)) by 2001 c. 2, s. 578, Sch. 2 para. 109(21)(a)
- F4** Words in Sch. 26 para. 27(5) substituted (22.3.2001, with effect as mentioned in 2001 c. 2, s. 579(1)) by 2001 c. 2, s. 578, Sch. 2 para. 109(21)(b)
- F5** Words in Sch. 26 para. 27(5) substituted (22.3.2001, with effect as mentioned in 2001 c. 2, s. 579(1)) by 2001 c. 2, s. 578, Sch. 2 para. 109(21)(c)
- F6** Words in Sch. 26 para. 27(6) substituted (23.3.2001, with effect as mentioned in 2001 c. 2, s. 579(1)) by 2001 c. 2, s. 578, Sch. 2 para. 109(22)

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- F7** Words in Sch. 26 para. 27(7) substituted (23.3.2001, with effect as mentioned in 2001 c. 2, s. 579(1)) by 2001 c. 2, s. 578, **Sch. 2 para. 109(23)**
- F8** Words in Sch. 26 para. 27(8) substituted (22.3.2001, with effect as mentioned in 2001 c. 2, s. 579(1)) by 2001 c. 2, s. 578, **Sch. 2 para. 109(24)(a)**
- F9** Words in Sch. 26 para. 27(8)(a) substituted (22.3.2001, with effect as mentioned in 2001 c. 2, s. 579(1)) by 2001 c. 2, s. 578, **Sch. 2 para. 109(24)(b)**
- F10** Words in Sch. 26 para. 27(9) substituted (22.3.2001, with effect as mentioned in 2001 c. 2, s. 579(1)) by 2001 c. 2, s. 578, **Sch. 2 para. 109(25)**

#### *Leased assets*

- 28 (1) Sub-paragraphs (2) and (3) apply for the purposes of section 781 of the 1988 Act (assets leased to traders and others) if the interest of the lessor or the lessee under a lease, or any other interest in an asset, is transferred to a person under a relevant transfer.
- (2) The transfer is to be treated as made without any capital sum having been obtained in respect of the interest by the transferor; and this is so despite section 783(4) of that Act.
- (3) If the interest is an interest under a lease, payments made by the transferor under the lease before the transfer takes effect are to be treated as if they had been made under that lease by the transferee.
- (4) Sub-paragraph (5) applies for the purposes of section 781 of the 1988 Act if a lease, or any other interest in an asset, is granted by the transferor by virtue of provision made under paragraph 5 of Schedule 21.
- (5) The grant is to be treated as made without any capital sum having been obtained in respect of the lease, or interest, by the transferor; and this is so despite section 783(4) of that Act.
- (6) No charge is to arise under section 781(1) of the 1988 Act by virtue of section 783(2) of that Act in a case where the capital sum mentioned in section 781(1)(b)(i) or (ii) of that Act is or forms part of the consideration obtained (or treated by section 783(4) of that Act as obtained) by the transferor on a disposal by virtue of a relevant transfer of securities of a subsidiary of the transferor.
- (7) Expressions used in this paragraph and in sections 781 to 785 of the 1988 Act have the same meanings in this paragraph as in those sections.

#### *Loan relationships*

- 29 (1) Sub-paragraph (2) applies if, as a result of a relevant transfer, the transferee replaces the transferor as a party to a loan relationship.
- (2) [F11Part 5 of the Corporation Tax Act 2009] is to have effect in relation to the time when the relevant transfer takes effect and any later time as if—
- (a) the transferee had been a party to the loan relationship at the time the transferor became a party to the loan relationship and at all times since that time, and
- (b) the loan relationship to which the transferee is a party after the time the transfer takes effect is the same loan relationship as that to which, by virtue of paragraph (a), it is treated as having been a party before that time.

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(3) Expressions used in this paragraph and in [<sup>F12</sup>Part 5 of the Corporation Tax Act 2009] have the same meanings in this paragraph as in [<sup>F12</sup>that Part].

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**Textual Amendments**

**F11** Words in Sch. 26 para. 29(2) substituted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 473(5)(a)** (with Sch. 2 Pts. 1, 2)

**F12** Words in Sch. 26 para. 29(3) substituted (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 473(5)(b)** (with Sch. 2 Pts. 1, 2)

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

- Blanket amendment words substituted by [S.I. 2011/1043 art. 34](#)

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

- s. 146(1)(defn.)(a)(b) by [2000 c. 38 s. 274 Sch. 31 Pt. 2](#)
- s. 19(2)(aa) inserted by [S.I. 2019/93, Sch. 1 para. 9\(1C\)\(b\)](#) (as inserted) by [S.I. 2019/1245 reg. 25](#) (This amendment not applied to legislation.gov.uk. The affecting statutory instrument has no legal effect. It was made under a procedure which meant that it ceased to have effect 28 days after signing unless it was debated and approved in Parliament within that time. It was not debated and approved within 28 days, so it has expired with no effect.)
- s. 131A(2)(a) words omitted by [2017 c. 21 Sch. 2 para. 13\(a\)\(i\)](#)
- s. 131A(2)(b) omitted by [2017 c. 21 Sch. 2 para. 13\(a\)\(ii\)](#)
- s. 131A(4) omitted by [2017 c. 21 Sch. 2 para. 13\(b\)](#)
- s. 131A(5)(b) words omitted by [2017 c. 21 Sch. 2 para. 13\(c\)\(i\)](#)
- s. 131A(5)(c) words omitted by [2017 c. 21 Sch. 2 para. 13\(c\)\(ii\)](#)
- s. 132B(1)(a) omitted by [2017 c. 21 Sch. 2 para. 19](#)
- [Sch. 16 para. 34\(4\)\(a\)para. 34\(4\)\(b\)\(c\)](#) repealed by [2005 c. 14 Sch. 13 Pt. 1](#)