



# Corporation Tax Act 2010

## 2010 CHAPTER 4

### PART 24

#### CORPORATION TAX ACTS DEFINITIONS ETC

### CHAPTER 3

#### SUBSIDIARIES

##### **Modifications etc. (not altering text)**

- C1** Pt. 24 Ch. 3 applied in part (with modifications) by 2010 c. 8, s. 345(7)-(10) (as substituted (with effect in accordance with s. 39(4) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 39\(2\)](#))
- C2** Pt. 24 Ch. 3 applied (with modifications) (with effect in accordance with s. 161(2) of the amending Act) by [Finance Act 2016 \(c. 24\), Sch. 19 para. 8\(5\)\(6\)](#)
- C3** Pt. 24 Ch. 3 applied (with effect in accordance with s. 51 of the amending Act) by [Finance Act 2022 \(c. 3\), s. 50\(3\)\(5\)\(6\)](#)
- C4** Pt. 24 Ch. 3 applied (1.4.2022 in relation to relevant returns that are required to be made on or after that date) by [Finance Act 2022 \(c. 3\), Sch. 17 para. 3\(5\)](#)

#### **1154 Meaning of “51% subsidiary”, “75% subsidiary” and “90% subsidiary”**

- (1) Subsections (2) to (4) define, for the purposes of the Corporation Tax Acts, the circumstances in which a body corporate (“B”) is a 51% subsidiary, a 75% subsidiary or a 90% subsidiary of another body corporate (“A”).
- (2) B is a 51% subsidiary of A if more than 50% of B's ordinary share capital is owned directly or indirectly by A.
- (3) B is a 75% subsidiary of A if at least 75% of B's ordinary share capital is owned directly or indirectly by A.

---

*Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Chapter 3. (See end of Document for details)*

---

- (4) B is a 90% subsidiary of A if at least 90% of B's ordinary share capital is owned directly by A.
- (5) For the purposes of subsections (2) and (3) ordinary share capital is owned “directly or indirectly” by a body corporate if it is owned by it—
  - (a) directly,
  - (b) indirectly, or
  - (c) partly directly and partly indirectly.
- (6) In this Chapter references to ownership are to be read as references to beneficial ownership.

**Modifications etc. (not altering text)**

- C5** Ss. 1154 modified by Income and Corporation Taxes Act 1988 (c. 1), Sch. 25 para. 12(3) (as amended) (with effect in accordance with s. 1184(1) of the amending Act) by 2010 c. 4, s. 1184(1), **Sch. 1 para. 147(3)** (with Sch. 2)

**1155 Indirect ownership of ordinary share capital**

- (1) For the purposes of this Chapter ordinary share capital is owned indirectly by a body corporate if it is owned through another body corporate or other bodies corporate.
- (2) References in this Chapter to ownership through a body corporate are to be read in accordance with subsections (3) and (4).
- (3) Suppose that 3 or more bodies corporate are ordered in a series such that each body in the series (other than the last) owns ordinary share capital of the body immediately below it in the series.
- (4) If B is a body that is below, but not immediately below, A in the series, A is said to own ordinary share capital of B through each body corporate that is between A and B in the series.
- (5) Sections 1156 and 1157 contain rules for calculating, for the purposes of this Chapter, the amount of a body corporate's ordinary share capital that another body corporate owns—
  - (a) indirectly, or
  - (b) partly directly and partly indirectly.

**Modifications etc. (not altering text)**

- C6** Ss. 1155-1157 applied (with modifications) by 2010 c. 8, s. 464(9) (as inserted (with effect in accordance with Sch. 5 para. 25(1)-(3) of the amending Act) by Finance (No. 2) Act 2017 (c. 32), **Sch. 5 para. 1** (with Sch. 5 paras. 27, 32-34))
- C7** Ss. 1155-1157 applied by 1992 c. 12, Sch. 7AC para. 3B(3)(4) (as inserted (with effect in accordance with s. 28(7) of the amending Act) by Finance (No. 2) Act 2017 (c. 32), **s. 28(2)**)
- C8** S. 1155 applied (E.W.) (1.4.2018) by Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 (anaw 1), s. 81(2)(3), **Sch. 16 para. 3(5)(b)**; S.I. 2018/34, art. 3

*Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Chapter 3. (See end of Document for details)*

- C9** Ss. 1155-1157 applied (with modifications) by 1992 c. 12, Sch. 1A para. 9 (as inserted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 14](#))

## 1156 Calculation of amounts owned indirectly: main rules

- (1) If a body corporate (“A”) directly owns the whole of the ordinary share capital of another body corporate (“B”), A is treated as indirectly owning the whole of any ordinary share capital that is owned directly or indirectly by B.
- (2) If a body corporate (“A”) directly owns a fraction of the ordinary share capital of another body corporate (“B”) and B directly or indirectly owns ordinary share capital of a third body corporate (“C”), A is treated as indirectly owning the amount of C’s ordinary share capital given by the formula—

$$F \times M$$

where—

F is the fraction of B’s ordinary share capital that is owned by A, and

M is the amount of the ordinary share capital of C that is owned directly or indirectly by B.

- (3) For the purposes of subsections (1) and (2), the amount of any ordinary share capital that is owned indirectly by B is calculated using subsection (1) or (2), or both, as appropriate.

### Modifications etc. (not altering text)

- C6** Ss. 1155-1157 applied (with modifications) by 2010 c. 8, s. 464(9) (as inserted (with effect in accordance with Sch. 5 para. 25(1)-(3) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 5 para. 1](#) (with [Sch. 5 paras. 27, 32-34](#)))
- C7** Ss. 1155-1157 applied by 1992 c. 12, Sch. 7AC para. 3B(3)(4) (as inserted (with effect in accordance with s. 28(7) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [s. 28\(2\)](#))
- C9** Ss. 1155-1157 applied (with modifications) by 1992 c. 12, Sch. 1A para. 9 (as inserted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 14](#))
- C10** S. 1156 applied (E.W.) (1.4.2018) by [Land Transaction Tax and Anti-avoidance of Devolved Taxes \(Wales\) Act 2017 \(anaw 1\)](#), s. 81(2)(3), [Sch. 16 para. 3\(5\)\(b\)](#); S.I. 2018/34, art. 3

## 1157 Adding fractions together

- (1) If A and C are bodies corporate and—
  - (a) A owns, through one or more bodies corporate (“the intermediaries in the first series”), a fraction of C’s ordinary share capital, and
  - (b) A also owns a further fraction of C’s ordinary share capital (or further fractions of C’s ordinary share capital),all those fractions are added together to find the amount of C’s ordinary share capital that is owned by A.
- (2) The reference in subsection (1)(b) to a further fraction of C’s share capital is to a fraction of C’s share capital that A owns—

---

*Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Chapter 3. (See end of Document for details)*

---

- (a) directly, or
- (b) indirectly but through one or more bodies corporate which do not (together) constitute all of the intermediaries in the first series, or which include a body corporate that is not an intermediary in the first series.

**Modifications etc. (not altering text)**

- C6** Ss. 1155-1157 applied (with modifications) by 2010 c. 8, s. 464(9) (as inserted (with effect in accordance with Sch. 5 para. 25(1)-(3) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 5 para. 1](#) (with [Sch. 5 paras. 27, 32-34](#)))
- C7** Ss. 1155-1157 applied by 1992 c. 12, Sch. 7AC para. 3B(3)(4) (as inserted (with effect in accordance with s. 28(7) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [s. 28\(2\)](#))
- C9** [Ss. 1155-1157](#) applied (with modifications) by 1992 c. 12, Sch. 1A para. 9 (as inserted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 14](#))
- C11** S. 1157 applied (E.W.) (1.4.2018) by [Land Transaction Tax and Anti-avoidance of Devolved Taxes \(Wales\) Act 2017 \(anaw 1\)](#), s. 81(2)(3), [Sch. 16 para. 3\(5\)\(b\)](#); S.I. 2018/34, art. 3

**Changes to legislation:**

There are currently no known outstanding effects for the Corporation Tax Act 2010, Chapter 3.