



Finance Act 1976

1976 CHAPTER 40

PART III

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

54 Capital gains: compulsory acquisition of aircraft and shipbuilding shares.

- (1) This section has effect where, in pursuance of any enactment to which this subsection applies, gilt-edged securities are exchanged for shares in a company and, immediately before the exchange, those shares are owned by another company—
 - (a) which is a member of the same group of companies as the first-mentioned company; or
 - (b) which is a member of a consortium by which the first-mentioned company is owned.
- (2) Subsection (1) above applies to any enactment providing for the compulsory acquisition of shares in companies engaged in manufacturing aircraft or guided weapons or in shipbuilding or allied industries.
- (3) In any case in which this section has effect the company owning the shares immediately before the exchange may by notice in writing given to the inspector within four years after the exchange, elect—
 - (a) that [F¹section 84(3) of the Capital Gains Tax Act 1979] shall not apply to the exchange; and
 - (b) that [F¹sections 115 to 121 of the Capital Gains Tax Act 1979] (replacement of business assets) shall have effect in relation to the disposal on the occasion of the exchange as if the shares were assets falling within the classes listed in [F¹section 118 of that Act] and had, throughout the period of ownership, been used and used only for the purposes of a trade carried on by that company.
- (4) For the purposes of this section—
 - (a) two companies shall be deemed to be members of a group of companies if one is the 75 per cent. subsidiary of the other or both are 75 per cent. subsidiaries of a third company;

Status: Point in time view as at 01/02/1991. This version of this provision has been superseded.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1976, Section 54. (See end of Document for details)

- (b) a company is owned by a consortium if all of the ordinary share capital of that company is directly and beneficially owned between them by five or fewer companies, and those companies are called the members of the consortium.

[^{F2}(5) Subsection (6) of section 84 of the Capital Gains Tax Act 1979 (gilt-edged securities not issued until after the date when shares are compulsorily acquired) shall apply in relation to this section as it applies in relation to that section, and in this section—

“gilt-edged securities” has the meaning given by Schedule 2 to that Act;

“shares” includes securities within the meaning of section 82 of that Act.]

Textual Amendments

- F1** Words substituted by [Capital Gains Tax Act 1979 \(c. 14, SIF 63:2\)](#), s.157(2)(3), [Sch.7 para. 9](#) for 1979–80 et seq.
- F2** [S. 54\(5\)](#) substituted by [Capital Gains Tax Act 1979 \(c. 14, SIF 63:2\)](#), s.157(2)(3), [Sch.7 para. 7](#) for 1979–80 et seq.

Status:

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Changes to legislation:

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