

## SCHEDULES

### SCHEDULE 18

#### DEMERGERS

#### PART II

##### RELIEF FROM TAX IN RESPECT OF CAPITAL GAINS

- 9 Where a company makes an exempt distribution which falls within paragraph 2(1) (a) above
- (a) the distribution shall not be a capital distribution for the purposes of section 72 of the Capital Gains Tax Act 1979 (disposal on receipt of capital distribution); and
  - (b) sections 77 to 81 of that Act shall, with the necessary modifications, apply as if that company and the subsidiary whose shares are transferred were the same company and the distribution were a reorganisation of its share capital.
- 10 Subject to paragraph 15 below, neither section 278 nor section 279 of the Taxes Act (charge of tax where company ceases to be a member of a group) shall apply in a case where a company ceases to be a member of a group by reason only of an exempt distribution.