***Changes to legislation:** Taxation of Chargeable Gains Act 1992, PART 2 is up to date with all changes known to be in force on or before 22 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

SCHEDULES

[F1SCHEDULE 7ZA

[F2BUSINESS ASSET DISPOSAL RELIEF]: "TRADING COMPANY" AND "TRADING GROUP"

Textual Amendments

F1 Sch. 7ZA inserted (with effect in accordance with Sch. 13 para. 6(1) of the amending Act) by Finance Act 2016 (c. 24), **Sch. 13 para. 5**

F2 Words in Act substituted (with effect for the tax year 2020-21 and subsequent tax years) by Finance Act 2020 (c. 14), Sch. 3 paras. 7(2)(a), **8** (with Sch. 3 para. 7(3))

PART 2

JOINT VENTURE COMPANIES

Attribution of activities of a joint venture company

3 In relation to a disposal of assets consisting of (or of interests in) shares in or securities of a company ("company A"), activities of a joint venture company are to be attributed to a company under subsections (7) and (12) of section 165A only if P—

(a) passes the shareholding test in relation to the joint venture company (see paragraphs 5 to 8), and

(b) passes the voting rights test in relation to the joint venture company (see paragraphs 9 to 12).

Meaning of "investing company"

4 (1) For the purposes of this Part, a company is an "investing company" in relation to P and a joint venture company if it meets conditions 1 and 2.

(2) Condition 1 is that—

(a) the company is company A (see paragraph 3), or

(b) P directly owns some portion of the ordinary share capital of the company.

(3) Condition 2 is that the company owns some portion of the ordinary share capital of the joint venture company (whether it is owned directly, indirectly, or partly directly and partly indirectly).

(4) In sub-paragraph (3) the reference to a company owning share capital indirectly is to be read in accordance with section 1155 of CTA 2010.

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Shareholding test

5 P passes the shareholding test in relation to a joint venture company if, throughout the relevant period, the sum of the percentages given by paragraphs (a) and (b) is at least 5%—

(a) the percentage of the ordinary share capital of the joint venture company that is owned directly by P, and

(b) P's indirect shareholding percentage (see paragraph 6).

6 P's "indirect shareholding percentage" is found by—

(a) calculating the percentage of the ordinary share capital of the joint venture company that is owned indirectly by P through a particular investing company (see paragraph 7), and

(b) where there are two or more investing companies, adding those percentages together.

7 The percentage of the ordinary share capital of a joint venture company that is owned indirectly by P through a particular investing company ("company IC") at a particular time is given by—

8 (1) The fraction of the joint venture company's ordinary share capital that is owned indirectly by company IC is calculated—

(a) by applying sections 1156 and 1157 of CTA 2010, as read with section 1155 of that Act, and

(b) on the assumptions specified in sub-paragraph (2).

(2) The assumptions are—

(a) where company IC directly owns more than 50% of the ordinary share capital of a company, company IC is taken to own the whole of the ordinary share capital of that company;

(b) where a company other than company IC ("company B") directly owns more than 50% of the ordinary share capital of another company ("company C") which is a member of a group of companies of which company IC is a member, company B is taken to own the whole of the ordinary share capital of company C.

Voting rights test

9 P passes the voting rights test in relation to a joint venture company if, throughout the relevant period, the sum of the percentages given by paragraphs (a) and (b) is at least 5%—

(a) the percentage of the voting rights that P holds directly in the joint venture company, and

(b) P's indirect voting rights percentage (see paragraph 10).

10 P's "indirect voting rights percentage" is found by—

(a) calculating the percentage of the voting rights in the joint venture company that P holds indirectly through a particular investing company (see paragraph 11), and

(b) where there are two or more investing companies, adding those percentages together.

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11 The percentage of the voting rights in a joint venture company that P holds indirectly through a particular investing company ("company IC") at a particular time is given by—

12 (1) The fraction of the voting rights in the joint venture company that is held indirectly by company IC is calculated—

(a) by applying sections 1156 and 1157 of CTA 2010, as read with section 1155 of that Act, as if references in those sections to owning the ordinary share capital of a company were references to holding voting rights in a company, and

(b) on the assumptions specified in sub-paragraph (2).

(2) The assumptions are—

(a) where company IC directly holds more than 50% of the voting rights in a company, company IC is taken to hold all the voting rights in that company;

(b) where a company other than company IC ("company B") directly holds more than 50% of the voting rights in another company ("company C") which is a member of a group of companies of which company IC is a member, company B is taken to hold all the voting rights in company C.**]**

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

- Act applied by 1997 c. 16 Sch. 12 para. 12(7)1314
- Act applied by 2002 c. 23 Sch. 16 para. 48(1)(2)
- Act construed as one with reg. 37 by S.I. 2006/575 reg. 37(2)
- Act construed as one with reg. 38 by S.I. 2006/575 reg. 38(3)

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

- s. 4(10)(11) inserted by 2016 c. 11 s. 15(4)
- s. 4(10) words inserted by 2016 c. 24 s. 83(11)
- s. 35(3)(d)(xviii) added by 2008 c. 17 Sch. 7 para. 9
- s. 35(3)(d)(xviii) inserted by 2008 c. 18 Sch. 13 para. 46
- s. 35(3)(d)(xviii) repealed by S.I. 2008/3002 Sch. 1 para. 42Sch. 3 (This amendment comes into force on the day 2008 c. 4, s. 5 comes into force, see art. 1(2). That provision was brought into force on 1.12.2008 by S.I. 2008/3068, art. 2(1)(b))
- s. 104(4)(b)(i) words substituted by S.I. 1989/469, reg. 27(2) (as amended) by S.I. 1997/1716 reg. 13(1)(b)
- s. 107(11) words substituted by S.I. 1989/469, reg. 27(2A) (as amended) by S.I. 1997/1716 reg. 13(2)(b)
- s. 169S(4A) inserted by 2015 c. 11 s. 43(2)
- s. 587B inserted by 2000 c. 17 s. 43(1)
- Sch. 5C para. 3(1) modified by S.I. 2004/2199 reg. 7(1)
- Sch. 5C para. 3(6) modified by S.I. 2004/2199 reg. 7(2)
- Sch. 5C para. 5(1) modified by S.I. 2004/2199 reg. 7(3)
- Sch. 5C para. 3 words inserted by S.I. 2005/3229 reg. 128
- Sch. 5C para. 5 words inserted by S.I. 2005/3229 reg. 128
- Sch. 5C para. 6 words inserted by S.I. 2005/3229 reg. 128
- Sch. 5C para. 3(1)(f) words substituted by 2007 c. 3 Sch. 1 para. 347