
Changes to legislation: Taxation of Chargeable Gains Act 1992, Cross Heading: “Receives value” is up to date with all changes known to be in force on or before 12 June 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

[^{F1}SCHEDULE 7ZB

INVESTORS' RELIEF: DISQUALIFICATION OF SHARES

Textual Amendments

F1 Sch. 7ZB inserted (15.9.2016) by Finance Act 2016 (c. 24), Sch. 14 para. 3

“Receives value”

- 2 (1) For the purposes of this Schedule the investor receives value from the company if the company—
- (a) repays, redeems or repurchases any of its share capital or securities which belong to the investor or makes any payment to the investor for giving up a right to any of the company's share capital or any security on its cancellation or extinguishment,
 - (b) repays, in pursuance of any arrangements for or in connection with the acquisition of the shares, any debt owed to the investor other than a debt which was incurred by the company—
 - (i) on or after the date of issue of the shares, and
 - (ii) otherwise than in consideration of the extinguishment of a debt incurred before that date,
 - (c) makes to the investor any payment for giving up the investor's right to any debt on its extinguishment,
 - (d) releases or waives any liability of the investor to the company or discharges, or undertakes to discharge, any liability of the investor to a third person,
 - (e) makes a loan or advance to the investor which has not been repaid in full before the issue of the shares,
 - (f) provides a benefit or facility for the investor,
 - (g) disposes of an asset to the investor for no consideration or for a consideration which is or the value of which is less than the market value of the asset,
 - (h) acquires an asset from the investor for a consideration which is or the value of which is more than the market value of the asset, or
 - (i) makes any payment to the investor other than a qualifying payment.
- (2) For the purposes of sub-paragraph (1)(e) there is to be treated as if it were a loan made by the company to the investor—
- (a) the amount of any debt (other than an ordinary trade debt) incurred by the investor to the company, and
 - (b) the amount of any debt due from the investor to a third person which has been assigned to the company.

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- (3) For the purposes of this paragraph the investor also receives value from the company if any person connected with the company—
- (a) purchases any of its share capital or securities which belong to the investor, or
 - (b) makes any payment to the investor for giving up any right in relation to any of the company's share capital or securities.
- (4) In this paragraph “qualifying payment” means—
- (a) the payment by any company of such remuneration for service as an officer or employee of that company as may be reasonable in relation to the duties of that office or employment,
 - (b) any payment or reimbursement by any company of travelling or other expenses wholly, exclusively and necessarily incurred by the investor to whom the payment is made in the performance of duties as an officer or employee of that company,
 - (c) the payment by any company of any interest which represents no more than a reasonable commercial return on money lent to that company,
 - (d) the payment by any company of any dividend or other distribution which does not exceed a normal return on any investment in shares in or other securities of that company,
 - (e) any payment for the supply of goods which does not exceed their market value,
 - (f) any payment for the acquisition of an asset which does not exceed its market value,
 - (g) the payment by any company, as rent for any property occupied by the company, of an amount not exceeding a reasonable and commercial rent for the property,
 - (h) any reasonable and necessary remuneration which—
 - (i) is paid by any company for services rendered to that company in the course of a trade or profession carried on wholly or partly in the United Kingdom; and
 - (ii) is taken into account in calculating for tax purposes the profits of that trade or profession, or
 - (i) a payment in discharge of an ordinary trade debt.
- (5) For the purposes of this paragraph a company is to be treated as having released or waived a liability if the liability is not discharged within 12 months of the time when it ought to have been discharged.
- (6) In this paragraph—
- (a) references to a debt or liability do not, in relation to a company, include references to any debt or liability which would be discharged by the making by that company of a qualifying payment, and
 - (b) references to a benefit or facility do not include references to any benefit or facility provided in circumstances such that, if a payment had been made of an amount equal to its value, that payment would be a qualifying payment.
- (7) In this paragraph and paragraph 3—
- (a) any reference to a payment or disposal to the investor includes a reference to a payment or disposal made to the investor indirectly or to the investor's order or for the investor's benefit;

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- (b) any reference to the investor includes an associate of the investor;
 - (c) any reference to a company includes a person who at any time in the period of restriction is connected with the company, whether or not that person is connected at the material time.
- (8) In this paragraph "ordinary trade debt" means any debt for goods or services supplied in the ordinary course of a trade or business where any credit given—
- (a) does not exceed six months, and
 - (b) is not longer than that normally given to customers of the person carrying on the trade or business.]

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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. 42](#)[Sch. 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](#)