SCHEDULES

SCHEDULE 2

PROVISIONS RELATING TO CARRYING OUT OF APPROVED SCHEME OF REORGANISATION

PART I

TAXATION PROVISIONS

Acquisition of assets by registered producers

19 (1) This paragraph applies where an asset in the form of an item of production equipment is acquired under an approved scheme by any person by virtue of his being, or having been, a registered producer.

(2) The acquisition of the asset shall not be taken into account as a receipt in computing, under Case I or VI of the Schedule set out in section 18 of the Income and Corporation Taxes Act 1988 (Schedule D), the profits of the person acquiring it.

(3) The person acquiring the asset shall, for the purposes of tax on chargeable gains, be treated as acquiring the asset for no consideration, and without making a disposal.

(4) No allowance in respect of the asset shall be made under the Capital Allowances Act 1990 to the person acquiring it.

(5) The person disposing of the asset shall—

(a) for the purposes of tax on chargeable gains, be treated as if the consideration for the disposal were of such amount as would secure that on the disposal neither a gain nor a loss accrues to him, and

(b) for the purposes of the Capital Allowances Act 1990, be treated as neither entitled to any balancing allowance nor subject to any balancing charge by virtue of the disposal.

(6) In sub-paragraph (1) above, the reference to production equipment is to plant or machinery used for the production or storage of milk, dairy produce or any produce of which milk is an ingredient.

20 (1) This paragraph applies where an asset of any of the following descriptions—

(a) a share in, or security of, a body which is a relevant successor of the relevant board,

(b) a right to participate in the winding up of such a body,

(c) a share in, or security of, a subsidiary of the relevant board, and

(d) a share in, or security of, a body which is a relevant successor of such a subsidiary,

is acquired under an approved scheme by any person by virtue of his being, or having been, a registered producer, and is so acquired without any consideration being provided by the person acquiring it.

Status: *This is the original version (as it was originally enacted).*

(2) The acquisition of the asset shall not be taken into account as a receipt in computing, under Case I or VI of the Schedule set out in section 18 of the Income and Corporation Taxes Act 1988 (Schedule D), the profits of the person acquiring it.

(3) The person acquiring the asset shall, for the purposes of tax on chargeable gains, be treated as acquiring the asset for no consideration, and without making a disposal.

(4) Where the asset is acquired on a disposal, the person disposing of it shall, for the purposes of tax on chargeable gains, be treated as if the consideration for the disposal were of such amount as would secure that on the disposal neither a gain nor a loss accrues to him.

(5) For the purposes of this paragraph, a person shall not be regarded as providing consideration by virtue only of the fact that transfers under the scheme reduce the value of his right to participate in a winding up of the relevant board.

(6) In this paragraph—

(a) references to the relevant board are to the board to which the scheme relates, and

(b) references to relevant successor—

(i) in relation to the relevant board, include a body to which shares held by that board in a subsidiary of its are transferred in circumstances in which paragraph 3 above applies, and

(ii) in relation to a subsidiary of that board, include a body to which shares held by the subsidiary in a subsidiary of its are transferred in circumstances in which that paragraph applies.