



# Finance Act 1998

## 1998 CHAPTER 36

### PART III

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

### CHAPTER II

#### TAXATION OF CHARGEABLE GAINS

#### *Stock dividends*

#### **126 Capital gains on stock dividends**

- (1) For sections 141 and 142 of the Taxation of Chargeable Gains Act 1992 (stock dividends) there shall be substituted the following section—

#### **“142 Capital gains on stock dividends**

- (1) This section applies where any share capital to which section 249 of the Taxes Act applies is issued as mentioned in subsection (4), (5) or (6) of that section in respect of shares in the company held by any person.
  - (2) The case shall not constitute a reorganisation of the company's share capital for the purposes of sections 126 to 128.
  - (3) The person who acquires the share capital by means of its issue shall (notwithstanding section 17(1)) be treated for the purposes of section 38(1) (a) as having acquired that asset for a consideration equal to the appropriate amount in cash (within the meaning of section 251(2) to (4) of the Taxes Act).”
- (2) This section applies to any share capital issued on or after 6th April 1998.