



# Income Tax Act 2007

## 2007 CHAPTER 3

### PART 4

#### LOSS RELIEF

### CHAPTER 6

#### LOSSES ON DISPOSAL OF SHARES

#### *Miscellaneous and supplementary*

#### **150 Deemed time of issue for certain shares**

- (1) In this section “the relevant provisions” means—  
section 134(5)(a),  
section 142(1)(a) and (2)(a),  
section 143(1), and  
section 146(2)(b).
- (2) If—  
(a) any shares were issued to an individual (“A”) or are treated under subsection (3) or this subsection as having been issued to A at a particular time,  
(b) the shares are transferred by A to another individual (“B”) during their lives, and  
(c) A was B's spouse or civil partner at the time of the transfer,  
the shares are treated for the purposes of the relevant provisions as having been issued to B at the time they were issued to A or are treated as having been so issued.
- (3) If—

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- (a) any shares (“the original shares”) have been issued to an individual, or are treated under subsection (2) or this subsection as having been issued to an individual at a particular time, and
- (b) any corresponding bonus shares are subsequently issued to the individual, the bonus shares are treated for the purposes of the relevant provisions as having been issued at the time the original shares were issued to the individual or are treated as having been so issued.

## 151 Interpretation of Chapter

- (1) In this Chapter (subject to subsections (2) to (8))—
- “bonus shares” means shares which are issued otherwise than for payment (whether in cash or otherwise),
  - “civil partner” refers to one of two civil partners who are living together,
  - “corresponding bonus shares”, in relation to any shares, means bonus shares which—
    - (a) are issued in respect of those shares, and
    - (b) are in the same company, are of the same class, and carry the same rights, as those shares,
  - “EIS relief” means—
    - (a) EIS income tax relief under Part 5 of this Act, and
    - (b) in relation to shares issued after 31 December 1993 and before 6 April 2007, relief under Chapter 3 of Part 7 of ICTA (enterprise investment scheme),
  - “excluded company” means a company which—
    - (a) has a trade which consists wholly or mainly of dealing in land, in commodities or futures or in shares, securities or other financial instruments,
    - (b) has a trade which is not carried on on a commercial basis and in such a way that profits in the trade can reasonably be expected to be realised,
    - (c) is a holding company of a group other than a trading group, or
    - (d) is a building society or a registered industrial and provident society,
  - “group” (except in sections 137 and 142) means a company which has one or more 51% subsidiaries together with that or those subsidiaries,
  - “holding company” means a company whose business consists wholly or mainly in the holding of shares or securities of companies which are its 51% subsidiaries,
  - “investment company” has the meaning given by section 130 of ICTA except that it does not include the holding company of a trading group,
  - “qualifying shares” has the meaning given by section 131(2),
  - “registered industrial and provident society” means a society registered or treated as registered under the Industrial and Provident Societies Act 1965 (c. 12) or the Industrial and Provident Societies Act (Northern Ireland) 1969 (c. 24 (N.I.)),
  - “shares”—
    - (a) includes stock, but
    - (b) does not include shares or stock not forming part of a company's ordinary share capital,

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- “share loss relief” has the meaning given by section 131(1),  
“spouse” refers to one of two spouses who are living together,  
“trading company” means a company other than an excluded company which is—
- (a) a company whose business consists wholly or mainly of the carrying on of a trade or trades, or
  - (b) the holding company of a trading group,
- “trading group” means a group the business of whose members, when taken together, consists wholly or mainly in the carrying on of a trade or trades, and  
“the year of the loss” has the meaning given by section 131(1).
- (2) For the purposes of the definition of “corresponding bonus shares” in subsection (1), shares are not treated as being of the same class unless they would be so treated if dealt in on <sup>F1</sup>a recognised stock exchange].
  - (3) In section 148(3)(b) and (6) “shares” does not include stock.
  - (4) Except as provided by subsection (5), paragraph (b) of that definition does not apply in the definition of “excluded company” in subsection (1) or in sections 145(1) to (4) and 147(3) to (6), (8) and (9).
  - (5) Paragraph (b) of that definition applies in relation to the expression “shares to which EIS relief is not attributable” in section 145(1).
  - (6) The definition of “shares” in subsection (1) does not apply in sections 137(5)(a), 142(3) and 143(1)(c) and (2).
  - (7) For the purposes of the definition of “trading group” in subsection (1), any trade carried on by a subsidiary which is an excluded company is treated as not constituting a trade.
  - (8) For the purposes of this Chapter a disposal of shares which results in an allowable loss for capital gains tax purposes is treated as made at the time when the disposal is made or treated as made for the purposes of TCGA 1992.

#### **Textual Amendments**

**F1** Words in s. 151(2) substituted (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 26 para. 12\(3\)](#)

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