

Status: Point in time view as at 06/04/2007.

Changes to legislation: *There are currently no known outstanding effects for the Income Tax Act 2007, Cross Heading: Qualifying trading companies. (See end of Document for details)*

SCHEDULES

SCHEDULE 2

TRANSITIONALS AND SAVINGS

PART 6

LOSSES ON DISPOSAL OF SHARES

Qualifying trading companies

- 38 (1) In relation to shares issued before 17 March 2004, section 134(2)(a) applies with the omission of sub-paragraph (iv) and the “and” immediately before it.
- (2) In relation to shares issued before 6 April 1998, section 134 applies with the substitution for subsections (2) to (5) of—
- “(2) Condition A is that the company either—
- (a) is a trading company on the date of the disposal, or
 - (b) has ceased to be a trading company at a time which is not more than 3 years before that date and has not since that time been an excluded company or an investment company.
- (3) Condition B is that the company either—
- (a) has been a trading company for a continuous period of 6 years ending on that date or at that time, or
 - (b) has been a trading company for a shorter continuous period ending on that date or [^{F1}at that time and has not before] the beginning of that period been an excluded company or an investment company.
- (4) Condition C is that none of the shares in the company has been listed on a recognised stock exchange at any time in the period—
- (a) beginning with the incorporation of the company or, if later, 12 months before the date on which the shares in question were subscribed for, and
 - (b) ending with the date on which the shares are disposed of.
- (5) Condition D is that the company has been UK resident throughout the period from its incorporation until the date of the disposal.”
- (3) In relation to shares issued before 7 March 2001, section 134(4)(b) applies with the substitution for “at the relevant time” of “throughout the relevant period”.
- (4) For the purposes of sub-paragraph (3), shares that were issued—
- (a) ^{F2}... after 5 April 1998, but
 - (b) before 7 March 2001,

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are treated as having been issued ^{F2}... after 7 March 2001 in respect of any part of the relevant period which falls ^{F2}... after that date.

- (5) Sub-paragraphs (1) to (4) apply in relation to section 576A of ICTA (which makes corresponding provision for the purposes of corporation tax) as they apply in relation to section 134.

Textual Amendments

- F1** Words in [Sch. 2 para. 38\(2\)](#) substituted (with effect in accordance with art. 1(2) of the amending S.I.) by [Income Tax Act 2007 \(Amendment\) Order 2007 \(S.I. 2007/940\)](#), arts. 1(1), **2(2)(a)**
- F2** Words in [Sch. 2 para. 38\(4\)](#) omitted (with effect in accordance with art. 1(2) of the amending S.I.) by virtue of [Income Tax Act 2007 \(Amendment\) Order 2007 \(S.I. 2007/940\)](#), arts. 1(1), **2(2)(b)**

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