



# Corporation Tax Act 2010

## 2010 CHAPTER 4

### PART 14

#### CHANGE IN COMPANY OWNERSHIP

### CHAPTER 3

#### COMPANY WITH INVESTMENT BUSINESS: RESTRICTIONS ON RELIEF: GENERAL PROVISION

*Meaning of “significant increase in the amount of a company's capital”*

#### **688 Meaning of “significant increase in the amount of a company's capital”**

- (1) This section and sections 689 to 691 have effect for determining whether, for the purposes of section 677(2), there is a significant increase in the amount of a company's capital after a change in the ownership of the company.
- (2) There is a significant increase in the amount of a company's capital if amount B—
  - (a) exceeds amount A by at least £1 million, <sup>[F1]</sup> and
  - <sup>[F1]</sup>(b) is at least 125% of amount A.]
- (3) For the meaning of—
  - (a) “amount A” and “amount B”, see sections 689 and 690 respectively, and
  - (b) “amount of capital”, see section 691.

#### **Textual Amendments**

- F1** S. 688(2)(b) and word substituted (with effect in accordance with s. 37(6) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 37\(2\)](#)

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*Changes to legislation:* There are currently no known outstanding effects for the Corporation Tax Act 2010, Cross Heading: Meaning of “significant increase in the amount of a company’s capital”. (See end of Document for details)

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## 689 Amount A

- (1) In section 688, amount A is the lower of—
  - (a) the amount of the company’s capital immediately before the change in ownership, and
  - (b) the highest 60 day minimum amount for the pre-change year.
- (2) The highest 60 day minimum amount for the pre-change year is found as follows.
 

*Step 1* Find the daily amounts of the company’s capital over the pre-change year.

*Step 2* Take the highest of the daily amounts.

*Step 3* Find out whether there was in the pre-change year a period of at least 60 days in which there was no daily amount lower than the amount taken.

*Step 4* If there was, the amount taken is the highest 60 day minimum amount for the pre-change year. If there was not, take the next highest of the daily amounts and repeat step 3; and so on, until the highest 60 day minimum amount for the pre-change year is found.
- (3) In this section “the pre-change year” means the period of one year ending immediately before the change in ownership.

## 690 Amount B

- (1) In section 688, amount B is the highest 60 day minimum amount for the post-change period.
- (2) The highest 60 day minimum amount for the post-change period is found as follows.
 

*Step 1* Find the daily amounts of the company’s capital over the post-change period.

*Step 2* Take the highest of the daily amounts.

*Step 3* Find out whether there was in the post-change period a period of at least 60 days in which there was no daily amount lower than the amount taken.

*Step 4* If there was, the amount taken is the highest 60 day minimum amount for the post-change period. If there was not, take the next highest of the daily amounts and repeat step 3; and so on, until the highest 60 day minimum amount for the post-change period is found.
- (3) In this section “the post-change period” means the period of [<sup>F2</sup>5] years beginning with the change in ownership.

### Textual Amendments

- F2** Word in s. 690(3) substituted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by Finance (No. 2) Act 2017 (c. 32), **Sch. 4 para. 83(1)** (with Sch. 4 para. 83(2))

## 691 Meaning of “amount of capital”

- (1) This section applies for the purposes of sections 688 to 690.
- (2) The amount of the capital of a company is the sum of—
  - (a) the amount of the paid up share capital of the company,
  - (b) the amount outstanding of any debts incurred by the company which are within section 453(2), and

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**Changes to legislation:** There are currently no known outstanding effects for the Corporation Tax Act 2010, Cross Heading: Meaning of “significant increase in the amount of a company's capital”. (See end of Document for details)

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- (c) the amount outstanding of any redeemable loan capital issued by the company.
- (3) For the purposes of subsection (2)—
- (a) the amount of the paid up share capital includes any amount in the share premium account of the company, and
  - (b) the amount outstanding of any debts includes the amount of any interest due on the debts.
- (4) Amounts of capital are to be expressed in sterling.
- (5) In this section “share premium account” has the same meaning as in section 610 of the Companies Act 2006.

**Changes to legislation:**

There are currently no known outstanding effects for the Corporation Tax Act 2010, Cross  
Heading: Meaning of “significant increase in the amount of a company's capital”.