



Finance Act 2016

2016 CHAPTER 24

PART 4

CAPITAL GAINS TAX

Entrepreneurs' relief

84 Entrepreneurs' relief: associated disposals

(1) Section 169K of TCGA 1992 (disposal associated with relevant material disposal) is amended as follows.

(2) In subsection (1)—

- (a) in paragraph (a), after “A1,” insert “ A1A, ”, and
- (b) in paragraph (b), for “and C” substitute “ , C and D ”.

(3) After subsection (1A) insert—

“(1AA) Condition A1A is that P makes a material disposal of business assets which consists of the disposal of the whole of P's interest in the assets of a partnership, and—

- (a) that interest is an interest of less than 5%,
- (b) P holds at least a 5% interest in the partnership's assets throughout a continuous period of at least 3 years in the 8 years ending with the date of the disposal, and
- (c) at the date of the disposal, no partnership purchase arrangements exist.

(1AB) Subject to subsection (6A), for the purposes of conditions A1 and A1A, in relation to the disposal of an interest in the assets of a partnership, “partnership purchase arrangements” means arrangements (other than the material disposal itself) under which P or a person connected with P is entitled to acquire any interest in, or increase that person's interest in, the partnership (including a share of the profits or assets of the partnership or an interest in such a share).”

Changes to legislation: Finance Act 2016, Section 84 is up to date with all changes known to be in force on or before 04 June 2023. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

- (4) In subsection (1E), in the words before paragraph (a)—
 - (a) at the beginning insert “ Subject to subsection (6A), ”, and
 - (b) after “means arrangements” insert “ (other than the material disposal itself) ”.
- (5) After subsection (3A) insert—

“(3AA) Subject to subsection (6A), for the purposes of condition B, in relation to a disposal mentioned in that condition and a partnership, “partnership purchase arrangements” means arrangements under which P or a person connected with P is entitled to acquire any interest in, or increase that person’s interest in, the partnership (including a share of the profits or assets of the partnership or an interest in such a share), but does not include any arrangements in connection with a material disposal in relation to which condition A1 or A1A is met.”
- (6) In subsection (3B), for “arrangements” to the end substitute “ share purchase arrangements ”.
- (7) After subsection (3B) insert—

“(3BA) Subject to subsection (6A), for the purposes of condition B, in relation to a disposal mentioned in that condition and company A, “share purchase arrangements” means arrangements under which P or a person connected with P is entitled to acquire shares in or securities of—

 - (a) company A, or
 - (b) a company which is a member of a trading group of which company A is a member,

but does not include any arrangements in connection with a material disposal in relation to which condition A2 or A3 is met.”
- (8) In subsection (3C), for “(3B)” substitute “ (3BA) ”.
- (9) After subsection (4) insert—

“(4A) Condition D is that the disposal mentioned in condition B is of an asset which P owns throughout the period of 3 years ending with the date of that disposal.”
- (10) Omit subsection (6).
- (11) Before subsection (7) insert—

“(6A) For the purposes of this section, in relation to a material disposal of business assets and a disposal mentioned in condition B, arrangements are not partnership purchase arrangements or share purchase arrangements if they were made before both disposals and without regard to either of them.”
- (12) In subsection (9), after “entitled to share in the” insert “ capital ”.
- (13) The amendments made by subsections (2)(a), (3) to (8) and (10) to (12) have effect in relation to disposals made on or after 18 March 2015.
- (14) The amendments made by subsections (2)(b) and (9) have effect in relation to disposals of assets which are acquired on or after 13 June 2016.

Changes to legislation:

Finance Act 2016, Section 84 is up to date with all changes known to be in force on or before 04 June 2023. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 19 para. 12(5)(b) inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(c\)](#)
- Sch. 19 para. 12(5)(a) word inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(b\)](#)
- Sch. 19 para. 51(8)(b) words inserted by [2017 c. 32 Sch. 14 para. 48\(2\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(a\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(b\)](#)
- Sch. 19 para. 12(5)(a) words renumbered as Sch. 19 para. 12(5)(a) by [2017 c. 32 Sch. 14 para. 49\(2\)\(a\)](#)
- Sch. 19 para. 58(1) words substituted by [2017 c. 32 Sch. 14 para. 48\(5\)](#)
- Sch. 20 para. 1(4)(e) inserted by [2021 c. 26 Sch. 27 para. 47\(2\)](#)
- Sch. 20 para. 3(3)(d) and word inserted by [2021 c. 26 Sch. 27 para. 47\(3\)\(b\)](#)
- Sch. 20 para. 5(5) inserted by [2021 c. 26 Sch. 27 para. 47\(5\)](#)
- Sch. 22 para. 2(4B) inserted by [2021 c. 26 Sch. 27 para. 48\(2\)\(c\)](#)
- Sch. 22 para. 3(4A) inserted by [2021 c. 26 Sch. 27 para. 48\(3\)](#)