



Finance Act 2020

2020 CHAPTER 14

PART 1

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

Investments

38 Losses on disposal of shares: abolition of requirement to be UK business

(1) The following provisions are repealed—

- (a) section 134(5) of ITA 2007 (which provides that a company is a qualifying trading company for the purposes of income tax relief under Chapter 6 of Part 4 of that Act only if it carries on its business in the United Kingdom), and
- (b) section 78(5) of CTA 2010 (which makes corresponding provision for the purposes of corporation tax relief under Chapter 5 of Part 4 of that Act).

(2) In consequence of the repeals made by subsection (1)—

- (a) in ITA 2007—
 - (i) in section 134(1), for “D” substitute “ C ”,
 - (ii) in section 147(8), at the end of paragraph (a) insert “ or ” and omit paragraph (c) together with the “or” before it,
 - (iii) in section 150(1), omit the entry relating to section 134(5)(a), and
 - (iv) in paragraph 38(2) of Schedule 2, in the opening words, for “(2) to (5)” substitute “ (2) to (4) ”, and omit the substituted section 134(5) of ITA 2007, and
- (b) in CTA 2010—
 - (i) in section 75(8), at the end of paragraph (a) insert “ or ” and omit paragraph (c) together with the “or” before it,
 - (ii) in section 78(1), for “D” substitute “ C ”,
 - (iii) in section 89(1), omit the entry relating to section 78(5)(a), and

*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 2020, Section 38. (See end of Document for details)*

- (iv) in paragraph 28(4) of Schedule 2, in the opening words, for “(2) to (5)” substitute “(2) to (4)”, and omit the substituted section 78(5) of CTA 2010.
- (3) The amendments made by this section have effect in relation to disposals made on or after 24 January 2019.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2020, Section 38.