



Income Tax Act 2007

2007 CHAPTER 3

PART 4

LOSS RELIEF

CHAPTER 6

LOSSES ON DISPOSAL OF SHARES

Share loss relief against general income

131 Share loss relief

- (1) An individual is eligible for relief under this Chapter (“share loss relief”) if—
- the individual incurs an allowable loss for capital gains tax purposes on the disposal of any shares in any tax year (“the year of the loss”), and
 - the shares are qualifying shares.

This is subject to subsections (3) and (4) and section 136(2).

- (2) Shares are qualifying shares for the purposes of this Chapter if—
- EIS relief is attributable to them, or
 - if EIS relief is not attributable to them, they are shares in a qualifying trading company which have been subscribed for by the individual.
- (3) Subsection (1) applies only if the disposal of the shares is—
- by way of a bargain made at arm's length,
 - by way of a distribution in the course of dissolving or winding up the company,
 - a disposal within section 24(1) of TCGA 1992 (entire loss, destruction, dissipation or extinction of asset), or
 - a deemed disposal under section 24(2) of that Act (claim that value of the asset has become negligible).

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- (4) Subsection (1) does not apply to any allowable loss incurred on the disposal if—
- (a) the shares are the subject of an exchange or arrangement of the kind mentioned in section 135 or 136 of TCGA 1992 (company reconstructions etc), and
 - (b) because of section 137 of that Act, the exchange or arrangement involves a disposal of the shares.

132 Entitlement to claim

- (1) An individual who is eligible for share loss relief may make a claim for the loss to be deducted in calculating the individual's net income—
- (a) for the year of the loss,
 - (b) for the previous tax year, or
 - (c) for both tax years.

(See Step 2 of the calculation in section 23.)

- (2) If the claim is made in relation to both tax years, the claim must specify the year for which a deduction is to be made first.
- (3) Otherwise the claim must specify either the year of the loss or the previous tax year.
- (4) The claim must be made on or before the first anniversary of the normal self-assessment filing date for the year of the loss.

133 How relief works

- (1) This subsection explains how the deductions are to be made.

The amount of the loss to be deducted at any step is limited in accordance with [F1sections 24A and 25(4) and (5)] .

Step 1

Deduct the loss in calculating the individual's net income for the specified tax year.

Step 2

This step applies only if the claim is made in relation to both tax years.

Deduct the part of the loss not deducted at Step 1 in calculating the individual's net income for the other tax year.

- (2) Subsection (1) is subject to sections 136(5) and 147 (which set limits on the amounts of share loss relief that may be obtained in particular cases).
- (3) If an individual—
- (a) makes a claim for share loss relief against income (“the first claim”) in relation to the year of the loss, and
 - (b) makes a separate claim for share loss relief against income in respect of a loss made in the following tax year in relation to the same tax year as the first claim, priority is to be given to making deductions under the first claim.
- (4) Any share loss relief claimed in respect of any income has priority over any relief claimed in respect of that income under section 64 (deduction of losses from general income) or 72 (early trade losses relief).

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- (5) A claim for share loss relief does not affect any claim for a deduction under TCGA 1992 for so much of the allowable loss as is not deducted under subsection (1).

Textual Amendments

- F1** Words in s. 133(1) substituted (with effect in accordance with Sch. 3 para. 3 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), **Sch. 3 para. 2(3)(e)**

Shares to which EIS relief is not attributable

134 Qualifying trading companies

- (1) In relation to shares to which EIS relief is not attributable (see section 131(2)(b)), a qualifying trading company is a company which meets each of conditions A to ^{F2}C].
- (2) Condition A is that the company either—
- (a) meets each of the following requirements on the date of the disposal—
 - (i) the trading requirement (see section 137),
 - (ii) the control and independence requirement (see section 139),
 - (iii) the qualifying subsidiaries requirement (see section 140), and
 - (iv) the property managing subsidiaries requirement (see section 141), or
 - (b) has ceased to meet any of those requirements at a time which is not more than 3 years before that date and has not since that time been an excluded company, an investment company or a trading company.
- (3) Condition B is that the company either—
- (a) has met each of the requirements mentioned in condition A for a continuous period of 6 years ending on that date or at that time, or
 - (b) has met each of those requirements for a shorter continuous period ending on that date or at that time and has not before the beginning of that period been an excluded company, an investment company or a trading company.
- (4) Condition C is that the company—
- (a) met the gross assets requirement (see section 142) both immediately before and immediately after the issue of the shares in respect of which the share loss relief is claimed, and
 - (b) met the unquoted status requirement (see section 143) at the relevant time within the meaning of that section.

^{F3}(5)

Textual Amendments

- F2** Word in s. 134(1) substituted (with effect in accordance with s. 38(3) of the amending Act) by [Finance Act 2020 \(c. 14\)](#), **s. 38(2)(a)(i)**
- F3** S. 134(5) repealed (with effect in accordance with s. 38(3) of the amending Act) by [Finance Act 2020 \(c. 14\)](#), **s. 38(1)(a)**

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135 Subscriptions for shares

- (1) This section has effect in relation to shares to which EIS relief is not attributable.
- (2) An individual subscribes for shares in a company if they are issued to the individual by the company in consideration of money or money's worth.
- (3) If—
 - (a) an individual (“A”) subscribed for, or is treated under subsection (4) or this subsection as having subscribed for, any shares,
 - (b) A transferred the shares to another individual (“B”) during their lives, and
 - (c) A was B's spouse or civil partner at the time of the transfer,
 B is treated as having subscribed for the shares.
- (4) If—
 - (a) an individual has subscribed for, or is treated under subsection (3) or this subsection as having subscribed for, any shares, and
 - (b) any corresponding bonus shares are subsequently issued to the individual, the individual is treated as having subscribed for the bonus shares.

136 Disposals of new shares

- (1) This section has effect in relation to shares to which EIS relief is not attributable.
- (2) If—
 - (a) an individual disposes of shares (“the new shares”), and
 - (b) the new shares are, by virtue of section 127 of TCGA 1992 (reorganisation etc treated as not involving disposal), identified with other shares (“the old shares”) previously held by the individual,
 the individual is not eligible for share loss relief on the disposal of the new shares unless ^{F4}condition A or B] is met.

 This is subject to section 145(3).
- (3) Condition A is that the individual would have been eligible for share loss relief on a disposal of the old shares—
 - (a) if the individual had incurred an allowable loss in disposing of them by way of a bargain made at arm's length on the occasion of the disposal that would have occurred but for section 127 of TCGA 1992, and
 - (b) where applicable, if this Chapter had then been in force.
- (4) Condition B is that the individual gave for the new shares consideration in money or money's worth other than consideration of the kind mentioned in paragraph (a) or (b) of section 128(2) of TCGA 1992 (“new consideration”).
- (5) If the individual relies on condition B, the amount of share loss relief on the disposal of the new shares must not exceed the amount or value of the new consideration taken into account as a deduction in calculating the amount of the loss incurred on the disposal.

Textual Amendments

- F4** Words in s. 136(2) substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 1 para. 496** (with **Sch. 2**)

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Qualifying trading companies: the requirements

137 The trading requirement

- (1) The trading requirement is that—
 - (a) the company, ignoring any incidental purposes, exists wholly for the purpose of carrying on one or more qualifying trades, or
 - (b) the company is a parent company and the business of the group does not consist wholly or as to a substantial part in the carrying on of non-qualifying activities.
- (2) If the company intends that one or more other companies should become its qualifying subsidiaries with a view to their carrying on one or more qualifying trades—
 - (a) the company is treated as a parent company for the purposes of subsection (1)(b), and
 - (b) the reference in subsection (1)(b) to the group includes the company and any existing or future company that will be its qualifying subsidiary after the intention in question is carried into effect.

This subsection does not apply at any time after the abandonment of that intention.

- (3) For the purpose of subsection (1)(b) the business of the group means what would be the business of the group if the activities of the group companies taken together were regarded as one business.
- (4) For the purpose of determining the business of a group, activities are ignored so far as they are activities carried on by a mainly trading subsidiary otherwise than for its main purpose.
- (5) For the purposes of determining the business of a group, activities of a group company are ignored so far as they consist in—
 - (a) the holding of shares in or securities of a qualifying subsidiary of the parent company,
 - (b) the making of loans to another group company,
 - (c) the holding and managing of property used by a group company for the purpose of one or more qualifying trades carried on by a group company, or
 - (d) the holding and managing of property used by a group company for the purpose of research and development from which it is intended—
 - (i) that a qualifying trade to be carried on by a group company will be derived, or
 - (ii) that a qualifying trade carried on or to be carried on by a group company will benefit.
- (6) Any reference in subsection (5)(d)(i) or (ii) to a group company includes a reference to any existing or future company which will be a group company at any future time.
- (7) In this section—
 - “excluded activities” has the meaning given by section 192 read with sections 193 to 199,
 - “group” means a parent company and its qualifying subsidiaries,
 - “group company”, in relation to a group, means the parent company or any of its qualifying subsidiaries,

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“incidental purposes” means purposes having no significant effect (other than in relation to incidental matters) on the extent of the activities of the company in question,

“mainly trading subsidiary” means a subsidiary which, apart from incidental purposes, exists wholly for the purpose of carrying on one or more qualifying trades, and any reference to the main purpose of such a subsidiary is to be read accordingly,

“non-qualifying activities” means—

- (a) excluded activities, and
- (b) activities (other than research and development) carried on otherwise than in the course of a trade,

“parent company” means a company that has one or more qualifying subsidiaries,

“qualifying subsidiary” is to be read in accordance with section 191,

“qualifying trade” has the meaning given by section 189, and

“research and development” has the meaning given by section 1006.

- (8) In sections 189(1)(b) and 194(4)(c) (as applied by subsection (7) for the purposes of the definitions of “excluded activities” and “qualifying trade”) “period B” means the continuous period that is relevant for the purposes of section 134(3).

- [^{F5}(9) In section 195 as applied by subsection (7) for the purposes mentioned in subsection (8), references to the issuing company are to be read as references to the company mentioned in subsection (1).]

Textual Amendments

F5 S. 137(9) inserted (retrospective to 6.4.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 16 paras. 11\(5\), 13](#)

138 Ceasing to meet trading requirement because of administration or receivership

- (1) A company is not regarded as ceasing to meet the trading requirement merely because of anything done in consequence of the company or any of its subsidiaries being in administration or receivership.

This has effect subject to subsections (2) and (3).

- (2) Subsection (1) applies only if—
- (a) the entry into administration or receivership, and
 - (b) everything done as a result of the company concerned being in administration or receivership,

is for genuine commercial reasons, and is not part of a scheme or arrangement the main purpose or one of the main purposes of which is the avoidance of tax.

- (3) A company ceases to meet the trading requirement if before the time that is relevant for the purposes of section 134(2)—
- (a) a resolution is passed, or an order is made, for the winding up of the company or any of its subsidiaries (or, in the case of a winding up otherwise than under the Insolvency Act 1986 or the Insolvency (Northern Ireland) Order 1989, any other act is done for the like purpose), or
 - (b) the company or any of its subsidiaries is dissolved without winding up.

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This is subject to subsection (4).

- (4) Subsection (3) does not apply if—
- (a) the winding up is for genuine commercial reasons, and is not part of a scheme or arrangement the main purpose or one of the main purposes of which is the avoidance of tax, and
 - (b) the company continues, during the winding up, to be a trading company.
- (5) References in this section to a company being “in administration” or “in receivership” are to be read in accordance with section 252.

139 The control and independence requirement

- (1) The control element of the requirement is that—
- (a) the company must not control (whether on its own or together with any person connected with it) any company which is not a qualifying subsidiary of the company, and
 - (b) no arrangements must be in existence by virtue of which the company could fail to meet paragraph (a) (whether at a time during the continuous period that is relevant for the purposes of section 134(3) or otherwise).
- (2) The independence element of the requirement is that—
- (a) the company must not—
 - (i) be a 51% subsidiary of another company, or
 - (ii) be under the control of another company (or of another company and any other person connected with that other company), without being a 51% subsidiary of that other company, and
 - (b) no arrangements must be in existence by virtue of which the company could fail to meet paragraph (a) (whether at a time during the continuous period that is relevant for the purposes of section 134(3) or otherwise).
- (3) This section is subject to section 145(3).
- (4) In this section—
- “arrangements” includes any scheme, agreement or understanding, whether or not legally enforceable,
 - “control”, in subsection (1)(a), is to be read in accordance with [F6 sections 450 and 451 of CTA 2010],
 - “qualifying subsidiary” is to be read in accordance with section 191.

Textual Amendments

- F6** Words in s. 139(4) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 497](#) (with [Sch. 2](#))

140 The qualifying subsidiaries requirement

- (1) The qualifying subsidiaries requirement is that any subsidiary that the company has must be a qualifying subsidiary of the company.
- (2) In this section “qualifying subsidiary” is to be read in accordance with section 191.

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141 The property managing subsidiaries requirement

- (1) The property managing subsidiaries requirement is that any property managing subsidiary that the company has must be a qualifying 90% subsidiary of the company.
- (2) In this section—
 - “property managing subsidiary” has the meaning given by section 188(2),
 - “qualifying 90% subsidiary” has the meaning given by section 190.

142 The gross assets requirement

- (1) The gross assets requirement in the case of a single company is that the value of the company's gross assets—
 - (a) must not exceed £7 million immediately before the shares in respect of which the share loss relief is claimed are issued, and
 - (b) must not exceed £8 million immediately afterwards.
- (2) The gross assets requirement in the case of a parent company is that the value of the group assets—
 - (a) must not exceed £7 million immediately before the shares in respect of which the share loss relief is claimed are issued, and
 - (b) must not exceed £8 million immediately afterwards.
- (3) The value of the group assets means the sum of the values of the gross assets of each of the members of the group, ignoring any that consist in rights against, or shares in or securities of, another member of the group.
- (4) In this section—
 - “group” means a parent company and its qualifying subsidiaries,
 - “parent company” means a company that has one or more qualifying subsidiaries,
 - “qualifying subsidiary” is to be read in accordance with section 191, and
 - “single company” means a company that does not have one or more qualifying subsidiaries.

143 The unquoted status requirement

- (1) The unquoted status requirement is that, at the time (“the relevant time”) at which the shares in respect of which the share loss relief is claimed are issued—
 - (a) the company must be an unquoted company,
 - (b) there must be no arrangements in existence for the company to cease to be an unquoted company, and
 - (c) there must be no arrangements in existence for the company to become a subsidiary of another company (“the new company”) by virtue of an exchange of shares, or shares and securities, if—
 - (i) section 145 applies in relation to the exchange, and
 - (ii) arrangements have been made with a view to the new company ceasing to be an unquoted company.
- (2) The arrangements referred to in subsection (1)(b) and (c)(ii) do not include arrangements in consequence of which any shares, stocks, debentures or other securities of the company or the new company are at any subsequent time—

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- (a) listed on a stock exchange that is a recognised stock exchange by virtue of an order made under section [F7 1005(1)(b)], or
 - (b) listed on an exchange, or dealt in by any means, designated by an order made for the purposes of section 184(3)(b) or (c),
- if the order was made after the relevant time.

(3) In this section—

“arrangements” includes any scheme, agreement or understanding, whether or not legally enforceable, and

“unquoted company” has the meaning given by section 184(2).

Textual Amendments

F7 Word in s. 143(2)(a) substituted (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 26 para. 12\(2\)](#)

144 Power to amend requirements by Treasury order

The Treasury may by order make such amendments of sections 137 to 143 as they consider appropriate.

Qualifying trading companies: supplementary

145 Relief after an exchange of shares for shares in another company

- (1) This section and section 146 apply in relation to shares to which EIS relief is not attributable if—
- (a) a company (“the new company”) in which the only issued shares are subscriber shares acquires all the shares (“old shares”) in another company (“the old company”),
 - (b) the consideration for the old shares consists wholly of the issue of shares (“new shares”) in the new company,
 - (c) the consideration for the new shares of each description consists wholly of old shares of the corresponding description,
 - (d) new shares of each description are issued to the holders of old shares of the corresponding description in respect of and in proportion to their holdings, and
 - (e) by virtue of section 127 of TCGA 1992 as applied by section 135(3) of that Act (company reconstructions etc), the exchange of shares is not to be treated as involving a disposal of the old shares or an acquisition of the new shares.

In this subsection references to shares, except in the expressions “shares to which EIS relief is not attributable” and “subscriber shares”, include securities.

- (2) For the purposes of this Chapter the exchange of shares is not regarded as involving any disposal of the old shares or any acquisition of the new shares.
- (3) Nothing in—
- (a) section 136(2) (disposals of new shares), and
 - (b) section 139 (the control and independence requirement),

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applies in relation to such an exchange of shares, or shares and securities, as is mentioned in subsection (1) or, in the case of section 139, arrangements with a view to such an exchange.

- (4) For the purposes of this section old shares and new shares are of a corresponding description if, on the assumption that they were shares in the same company, they would be of the same class and carry the same rights.
- (5) References in section 146 to “old shares”, “new shares”, “the old company” and “the new company” are to be read in accordance with this section.

146 Substitution of new shares for old shares

- (1) Subsection (2) applies if, in the case of any new shares held by an individual or by a nominee for an individual, the old shares for which they were exchanged were shares—
 - (a) to which EIS relief was not attributable, and
 - (b) which had been subscribed for by the individual.
- (2) This Chapter has effect in relation to any subsequent disposal or other event as if—
 - (a) the new shares had been subscribed for by the individual at the time when, and for the amount for which, the old shares were subscribed for by the individual,
 - (b) the new shares had been issued by the new company at the time when the old shares were issued to the individual by the old company, and
 - (c) any requirements of this Chapter which were met at any time before the exchange by the old company had been met at that time by the new company.

[^{F8}(3) Nothing in subsection (2) applies in relation to section 195(7) as applied by section 137(7) for the purposes mentioned in section 137(8).]

Textual Amendments

F8 S. 146(3) inserted (retrospective to 6.4.2007) by [Finance Act 2007 \(c. 11\)](#), [Sch. 16 paras. 11\(6\)](#), 13

Limits on share loss relief and mixed holdings

147 Limits on share loss relief

- (1) Subsection (2) applies if—
 - (a) an individual disposes of any qualifying shares,
 - (b) those shares either—
 - (i) form part of a section 104 holding ^{F9}... at the time of the disposal, ^{F10}...
 - [^{F11}(ii) at a time earlier than the time of the disposal but after 5 April 2008 formed part of a section 104 holding, or
 - (iii) at a time earlier than that time and than 6 April 2008 formed part of an old section 104 holding or a 1982 holding, and]
 - (c) the individual makes a claim under section 132 in respect of a loss incurred on the disposal.

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- (2) The amount of share loss relief on the disposal is not to exceed the sums that would be allowed as deductions in calculating the amount of the loss if the qualifying shares had not formed part of the holding.
- (3) Subsection (4) applies if—
- (a) an individual disposes of any qualifying shares,
 - (b) the qualifying shares, and other shares that are not capable of being qualifying shares, are for the purposes of TCGA 1992 to be treated as acquired by a single transaction by virtue of section 105(1)(a) of that Act (disposal of shares acquired on same day etc), and
 - (c) the individual makes a claim under section 132 in respect of a loss incurred on the disposal.
- (4) The amount of share loss relief on the disposal is not to exceed the sums that would be allowed as deductions in calculating the amount of the loss if—
- (a) the qualifying shares were to be treated as acquired by a single transaction, and
 - (b) the other shares were not to be so treated.
- (5) Subsection (6) applies if—
- (a) an individual disposes of any qualifying shares,
 - (b) the qualifying shares (taken as a single asset), and other shares in the same company that are not capable of being qualifying shares (taken as a single asset), are for the purposes of TCGA 1992 to be treated as the same asset by virtue of section 127 of that Act (reorganisation etc treated as not involving disposal), and
 - (c) the individual makes a claim under section 132 in respect of a loss incurred on the disposal,

References in this subsection and subsection (6) to other shares in the same company include debentures of the same company.

- (6) The amount of share loss relief on the disposal is not to exceed the sums that would be allowed as deductions in calculating the amount of the loss if the qualifying shares and the other shares in the same company were not to be treated as the same asset.
- (7) In this section—
- “section 104 holding” has the meaning given by section 104(3) of TCGA 1992 ^{F12}and “old section 104 holding” is a holding that was a section 104 holding within the meaning of that provision as it applied in relation to disposals before 6 April 2008], and
 - “1982 holding” has the meaning given by section 109(1) of that Act ^{F13}as it applied in relation to disposals before 6 April 2008].
- (8) For the purposes of this section and section 148, shares to which EIS relief is not attributable are not capable of being qualifying shares at any time if—
- (a) the individual acquired the shares otherwise than by subscription, ^{F14}or]
 - (b) condition C in section 134(4) was not met in relation to the issue of the shares, ^{F15}
...
 - ^{F15}(c)
- (9) For the purposes of subsection (5), shares to which EIS relief is not attributable are not capable of being qualifying shares at any time if they are shares of a different class from the shares mentioned in paragraph (a) of that subsection.

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Textual Amendments

- F9** Words in s. 147(1)(b)(i) omitted (21.7.2008 with effect in accordance with Sch. 2 para. 100 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 98\(2\)\(a\)](#)
- F10** Word in s. 147(1)(b)(i) omitted (21.7.2008 with effect in accordance with Sch. 2 para. 100 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 98\(2\)\(a\)](#)
- F11** S. 147(1)(b)(ii)(iii) substituted (21.7.2008 with effect in accordance with Sch. 2 para. 100 of the amending Act) for s. 147(1)(b)(ii) by [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 98\(2\)\(b\)](#)
- F12** Words in s. 147(7) inserted (21.7.2008 with effect in accordance with Sch. 2 para. 100 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 98\(3\)\(a\)](#)
- F13** Words in s. 147(7) inserted (21.7.2008 with effect in accordance with Sch. 2 para. 100 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 98\(3\)\(b\)](#)
- F14** Word in s. 147(8)(a) inserted (with effect in accordance with s. 38(3) of the amending Act) by [Finance Act 2020 \(c. 14\)](#), [s. 38\(2\)\(a\)\(ii\)](#)
- F15** S. 147(8)(c) and word omitted (with effect in accordance with s. 38(3) of the amending Act) by virtue of [Finance Act 2020 \(c. 14\)](#), [s. 38\(2\)\(a\)\(ii\)](#)

148 Disposal of shares forming part of mixed holding

- (1) This section applies if an individual disposes of shares forming part of a mixed holding of shares, that is, a holding of shares in a company which includes—
- (a) shares that are not capable of being qualifying shares, and
 - (b) other shares.
- (2) Any question—
- (a) whether a disposal by the individual of shares forming part of the mixed holding is of qualifying shares, or
 - (b) as to which of any qualifying shares acquired by the individual at different times such a disposal relates to,
- is to be determined as provided by the following provisions of this section.
- (3) Any such question as is mentioned in subsection (2) is to be determined—
- (a) except in a case falling within paragraph (b)—
 - (i) in accordance with subsection (4), and
 - (ii) in the case of shares which under that subsection are identified with the whole or any part of a section 104 holding ^{F16}..., in accordance with subsection (5),
 - (b) in the case of a mixed holding which includes any of the following—

[^{F17}(ai) shares to which SEIS relief is attributable (as determined in accordance with Part 5A),]

 - (i) shares issued before 1 January 1994 in respect of which relief has been given under Chapter 3 of Part 7 of ICTA (business expansion scheme) and has not been withdrawn,
 - (ii) shares to which EIS relief is attributable, and
 - (iii) shares to which deferral relief (within the meaning of Schedule 5B to TCGA 1992) is attributable,

in accordance with subsection (6).

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- (4) For the purposes of subsection (3)(a)(i), the question is to be determined by identifying the shares disposed of in accordance with sections 105 to 105B and 106A of TCGA 1992.
- (5) For the purposes of subsection (3)(a)(ii), the question is to be determined by treating the disposal and any previous disposal by the individual out of the section 104 ^{F18}... holding as relating to shares acquired later rather than earlier.
- (6) For the purposes of subsection (3)(b), the question is to be determined—
- (a) in relation to shares issued before 1 January 1994, as provided by subsections (3) to (4C) of section 299 of ICTA (as that section has effect in relation to shares so issued),
 - (b) in relation to shares issued on or after that date and before 6 April 2007, as provided by subsections (6) to (6D) of that section (as that section has effect in relation to shares so issued), and
 - (c) in relation to shares issued on or after 6 April 2007, as provided by section 246 of this Act.
- (7) Any such question as is mentioned in subsection (2) which cannot be determined as provided by subsections (3) to (6) is to be determined on a just and reasonable basis.
- (8) In this section “holding” means any number of shares of the same class held by one individual in the same capacity, growing or diminishing as shares of that class are acquired or disposed of.
- For this purpose—
- (a) shares are not to be treated as being of the same class unless they are so treated by the practice of a recognised stock exchange or would be so treated if dealt in on such an exchange, and
 - (b) subsection (4) of section 104 of TCGA 1992 applies as it applies for the purposes of subsection (1) of that section.
- (9) In this section “section 104 holding” [^{F19}has] the same meaning as in section 147.

Textual Amendments

- F16** Words in s. 148(3)(a)(ii) omitted (21.7.2008 with effect in accordance with Sch. 2 para. 100 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 99\(2\)](#)
- F17** S. 148(3)(b)(ai) inserted (with effect in accordance with Sch. 3 para. 3 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 3 para. 2\(4\)](#)
- F18** Words in s. 148(5) omitted (21.7.2008 with effect in accordance with Sch. 2 para. 100 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 99\(3\)](#)
- F19** Word in s. 148(9) substituted (21.7.2008 with effect in accordance with Sch. 2 para. 100 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 99\(4\)](#)

149 Section 148: supplementary

- (1) In the case of a disposal of shares within section 148(3)(b)(ii) or (iii) to which section 105A of TCGA 1992 (election for alternative treatment: approved-scheme shares) applies—
- (a) section 299 of ICTA (identification of shares) has effect for the purposes of section 148(6)(b), and

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- (b) section 246 of this Act has effect for the purposes of section 148(6)(c), with the same modifications as those with which they have effect for the purposes of section 150A(4) of TCGA 1992 (enterprise investment schemes).
- (2) In a case to which section 127 of TCGA 1992 (reorganisation etc treated as not involving disposal) applies (including a case where that section applies by virtue of an enactment relating to chargeable gains), shares included in the new holding are treated for the purposes of section 148 as acquired when the original shares were acquired.
- (3) Any shares held or disposed of by a nominee or bare trustee for an individual are treated for the purposes of section 148 as held or disposed of by that individual.
- (4) In this section “new holding” and “original shares” have the same meaning as in section 127 of TCGA 1992 (or, as the case may be, that section as applied by the enactment concerned).

Miscellaneous and supplementary

150 Deemed time of issue for certain shares

- (1) In this section “the relevant provisions” means—
F20
...
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—
- (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.

Textual Amendments

F20 Words in s. 150(1) omitted (with effect in accordance with s. 38(3) of the amending Act) by virtue of Finance Act 2020 (c. 14), s. 38(2)(a)(iii)

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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 [^{F21}registered 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,

[^{F22}“investment company” means a company—

- (a) whose business consists wholly or mainly in the making of investments, and
- (b) which derives the principal part of its income from the making of investments,

but does not include the holding company of a trading group,]

“qualifying shares” has the meaning given by section 131(2),

[^{F23}“registered society” means—

- a a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014,
- b a society registered or treated as registered under the Industrial and Provident Societies Act (Northern Ireland) 1969, or
- c an SCE formed in accordance with Council Regulation (EC) No 1435/2003 on the Statute for a European Cooperative Society,]

“shares”—

- (a) includes stock, but
- (b) does not include shares or stock not forming part of a company's ordinary share capital,

“share loss relief” has the meaning given by section 131(1),

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- “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 [^{F24}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 [^{F25}the definition of shares in subsection (1)] 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

- F21** Words in s. 151(1) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\), s. 154, Sch. 4 para. 105\(2\)](#) (with Sch. 5)
- F22** Words in s. 151(1) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 498\(2\)](#) (with Sch. 2)
- F23** Words in s. 151(1) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\), s. 154, Sch. 4 para. 105\(3\)](#) (with Sch. 5) (as amended (1.8.2014) by [Finance Act 2014 \(c. 26\), Sch. 39 paras. 10, 15](#))
- F24** Words in s. 151(2) substituted (19.7.2007) by [Finance Act 2007 \(c. 11\), Sch. 26 para. 12\(3\)](#)
- F25** Words in s. 151(4) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 498\(3\)](#) (with Sch. 2)

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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):

- s. 24B inserted by [2023 c. 30 Sch. 2 para. 10\(3\)](#)
- s. 788(7) inserted by [2007 c. 29 Sch. 21 para. 161\(b\)](#) (The amending provision was repealed before coming into force.)