



Finance Act 2019

2019 CHAPTER 1

PART 1

DIRECT TAXES

Corporation tax: miscellaneous

26 Intangible fixed assets: exceptions to degrouping charges etc

- (1) Part 8 of CTA 2009 (intangible fixed assets) is amended as follows.
- (2) In section 780 (deemed realisation etc on company leaving group) in subsection (5) (exceptions) after paragraph (a) insert—
 - “(aa) section 782A (company leaving group because of relevant share disposal),”.
- (3) After section 782 insert—

“782A Company leaving group because of relevant share disposal

- (1) Section 780 does not apply if a company ceases to be a member of a group because of a relevant disposal of shares by another company.
- (2) A disposal of shares by a company is “relevant” if—
 - (a) the company would not be chargeable to corporation tax in respect of any gain accruing on the disposal by reason of the exemption conferred by paragraph 1 of Schedule 7AC to TCGA 1992 (assuming the company was within the charge to corporation tax), and
 - (b) the disposal is not part of an arrangement under which the recipient of the shares is to dispose of any of them to another person.
- (3) For the purposes of subsection (2)(a) ignore paragraph 6 of Schedule 7AC to TCGA 1992 (cases in which exemptions do not apply).”
- (4) In section 785 (principal company becoming member of another group)—

Status: This is the original version (as it was originally enacted).

- (a) in subsection (2)(b) for the words from “both” to “effective 51%” substitute “a relevant”, and
- (b) after subsection (2) insert—
 - “(2A) For the purposes of subsection (2)(b) the transferee is a “relevant subsidiary” of a member of the second group (“A”) if, but for sections 767 to 770, the transferee would be a member of another group of which A would be the principal company.
 - (2B) Subsection (2) does not apply if the transferee ceases to meet the qualifying condition by reason of a relevant disposal of shares by another company (within the meaning given by section 782A(2)).”
- (5) The amendments made by this section have effect in relation to a company that ceases to be a member of a group or ceases to meet the condition in section 785(2)(b) of CTA 2009 (as amended by subsection (4)) on or after 7 November 2018.
- (6) In its application in relation to a company that ceases to be a member of a group or ceases to meet the condition in section 785(2)(b) of CTA 2009 before 21 December 2018, section 782A of CTA 2009 has effect as if subsection (3) of that section was omitted.