

SCHEDULE 11
RECONSTRUCTION RELIEF AND ACQUISITION RELIEF

PART 5

INTERPRETATION

When are companies members of the same group?

- 36 Companies are members of the same group if one is the 75% subsidiary of the other or both are 75% subsidiaries of a third company.

When is a company a subsidiary of another company?

- 37 A company (A) is the 75% subsidiary of another company (B) if B—
- (a) is beneficial owner of not less than 75% of the ordinary share capital of A,
 - (b) is beneficially entitled to not less than 75% of any profits available for distribution to equity holders of A, and
 - (c) would be beneficially entitled to not less than 75% of any assets of A available for distribution to its equity holders on a winding-up.

- 38 For the purposes of paragraph 37—
- (a) the ownership referred to in that paragraph is ownership either directly or through another company or companies, and
 - (b) the amount of ordinary share capital of A owned by B through another company or companies is to be determined in accordance with sections 1155 to 1157 of the Corporation Tax Act 2010 (c.4).

- 39 “Ordinary share capital”, in relation to a company, means all the issued share capital (by whatever name called) of the company, other than capital the holders of which have a right to a dividend at a fixed rate but have no other right to share in the profits of the company.

- 40 Chapter 6 of Part 5 of the Corporation Tax Act 2010 (c.4) (group relief: equity holders and profits or assets available for distribution) applies for the purposes of paragraph 37(b) and (c) as it applies for the purposes of section 151(4)(a) and (b) of that Act.

- 41 But sections 171(1)(b) and (3), 173, 174 and 176 to 178 of that Chapter are to be treated as omitted for the purposes of paragraph 37(b) and (c).

Other definitions

- 42 In this schedule—
- “arrangements” include any scheme, agreement or understanding, whether or not legally enforceable,
 - “non-redeemable shares” means shares that are not redeemable shares.