



Taxation of Chargeable Gains Act 1992

1992 CHAPTER 12

PART VI

COMPANIES, OIL, INSURANCE ETC.

CHAPTER I

COMPANIES

Transactions within groups

171 Transfers within a group: general provisions.

[^{F1}(1) Where—

(a) a company (“company A”) disposes of an asset to another company (“company B”) at a time when both companies are members of the same group, and

(b) the conditions in subsection (1A) below are met,

company A and company B are treated for the purposes of corporation tax on chargeable gains as if the asset were acquired by company B for a consideration of such amount as would secure that neither a gain nor a loss would accrue to company A on the disposal.

(1A) The conditions referred to in subsection (1)(b) above are—

(a) that company A is resident in the United Kingdom at the time of the disposal, or the asset is a chargeable asset in relation to that company immediately before that time, and

(b) that company B is resident in the United Kingdom at the time of the disposal, or the asset is a chargeable asset in relation to that company immediately after that time.

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For this purpose an asset is a “chargeable asset” in relation to a company at any time if, were the asset to be disposed of by the company at that time, any gain accruing to the company would be a chargeable gain [^{F2}chargeable to corporation tax as a result of section 2B(3) or (4).]

[^{F3}(1B) If—

(a) company A is deemed under section 25(3) to have previously disposed of the asset, but

(b) no gain or loss accrued on that deemed disposal as a result of section 25ZA(2), that deemed disposal is to be ignored in applying subsection (1) of this section in relation to company B.]

(2) Subsection (1) above shall not apply where the disposal is—

(a) a disposal of a debt due from [^{F4}company B] effected by satisfying the debt or part of it; or

(b) a disposal of redeemable shares in a company on the occasion of their redemption; or

^{F5}(ba)

(c) a disposal by or to an investment trust; or

[^{F6}(cc) a disposal by or to a venture capital trust; or]

[^{F7}(cd) a disposal by or to a qualifying friendly society; or]

(d) a disposal to a dual resident investing company; ^{F8}... [^{F9}; or

(da) a disposal by or to a company [^{F10}which is, or is a member of, a UK REIT within the meaning of Part 12 of CTA 2010] (Real Estate Investment Trusts);][^{F11}or

(db) a disposal by company A in fulfilment of its obligations under an option granted to company B at a time when those companies were not members of the same group;]

^{F8}(e)

and the reference in subsection (1) above to [^{F12}company A] disposing of an asset shall not apply to anything which under section 122 is to be treated as a disposal of an interest in shares in a company in consideration for a capital distribution (as defined in that section) from that company, whether or not involving a reduction of capital.

(3) Subsection (1) above shall not apply to a transaction treated [^{F13}by section 127 as it applies by virtue of section 135] as not involving a disposal by [^{F14}company A].

^{F15}(3A)

(4) For the purposes of subsection (1) above, so far as the consideration for the disposal consists of money or money’s worth by way of compensation for any kind of damage or injury to assets, or for the destruction or dissipation of assets or for anything which depreciates or might depreciate an asset, the disposal shall be treated as being to the person who, whether as an insurer or otherwise, ultimately bears the burden of furnishing that consideration.

[^{F16}(5) In subsection (2)(cd) above “qualifying friendly society” means a company which is a qualifying society for the purposes of [^{F17}section 165 of the Finance Act 2012] (incorporated friendly societies entitled to exemption from income tax and corporation tax on certain profits).]

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[^{F18}(6) Subsection (1) above applies notwithstanding any provision in this Act fixing the amount of the consideration deemed to be received on a disposal or given on an acquisition.

But where it is assumed for any purpose that a member of a group of companies has sold or acquired an asset, it shall be assumed also that it was not a sale or acquisition to which this section applies.]

Textual Amendments

- F1** S. 171(1)(1A) substituted for s. 171(1) (with effect in accordance with Sch. 29 para. 2(6) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 2\(2\)](#) (with [Sch. 29 para. 46\(5\)](#))
- F2** Words in s. 171(1A) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 61\(2\)](#)
- F3** S. 171(1B) inserted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 61\(3\)](#)
- F4** Words in s. 171(2)(a) substituted (with effect in accordance with Sch. 29 para. 2(6) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), Sch. 29 para. 2(3)(a) (with [Sch. 29 para. 46\(5\)](#))
- F5** S. 171(2)(ba) omitted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by virtue of [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 61\(4\)](#)
- F6** S. 171(2)(cc) inserted (with application in accordance with s. 135(4) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [s. 135\(1\)](#)
- F7** S. 171(2)(cd) inserted (with application in accordance with s. 136(5) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [s. 136\(2\)](#)
- F8** S. 171(2)(e) and preceding word repealed (with effect in accordance with s. 251(1)(a)(7) of the amending Act) by [Finance Act 1994 \(c. 9\)](#), s. 251(7)(b), [Sch. 26 Pt. VIII\(1\)](#)
- F9** S. 171(2)(da) and preceding word inserted (19.7.2006) by [Finance Act 2006 \(c. 25\)](#), [s. 135](#)
- F10** Words in s. 171(2)(da) 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. 243](#) (with [Sch. 2](#))
- F11** S. 171(2)(db) and preceding word inserted (with effect in accordance with Sch. 5 para. 10(2) of the amending Act) by [Finance Act 2007 \(c. 11\)](#), [Sch. 5 para. 10\(1\)](#)
- F12** Words in s. 171(2) substituted (with effect in accordance with [Sch. 29 para. 2\(6\)](#) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 2\(3\)\(b\)](#) (with [Sch. 29 para. 46\(5\)](#))
- F13** Words in s. 171(3) substituted (with effect in accordance with Sch. 9 paras. 7, 8 of the amending Act) by [Finance Act 2002 \(c. 23\)](#), [Sch. 9 para. 5\(10\)](#)
- F14** Words in s. 171(3) substituted (with effect in accordance with [Sch. 29 para. 2\(6\)](#) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 2\(4\)](#) (with [Sch. 29 para. 46\(5\)](#))
- F15** S. 171(3A) omitted (retrospective and with effect in accordance with Sch. 24 paras. 12, 13-16 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 24 paras. 9\(b\), 12](#)
- F16** S. 171(5) inserted (with application in accordance with s. 136(5) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [s. 136\(3\)](#)
- F17** Words in s. 171(5) substituted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 18 para. 16](#)
- F18** S. 171(6) added (with effect in accordance with [Sch. 29 para. 2\(6\)](#) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 2\(5\)](#) (with [Sch. 29 para. 46\(5\)](#))

Modifications etc. (not altering text)

- C1** S. 171 excluded (27.7.1993 with application as mentioned in s. 165(1)) by [1993 c. 34](#), s. 169, [Sch. 17 para. 7\(2\)\(b\)](#)
- C2** Ss. 171, 172 restricted (with effect in accordance with s. 131(4) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), [s. 131\(1\)\(2\)\(a\)](#)
- C3** Ss. 170-192 restricted (27.7.1999) by [Commonwealth Development Corporation Act 1999 \(c. 20\)](#), [Sch. 3 paras. 1, 4\(1\)](#)

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- C4 Ss. 170-181 restricted (12.1.2000) by Greater London Authority Act 1999 (c. 29), **ss. 419(3)**, 425(2); S.I. 1999/3434, art. 2
- C5 Ss. 170-181 modified (5.10.2004) by Energy Act 2004 (c. 20), s. 198(2), **Sch. 9 para. 35(a)** (with s. 38(2)); S.I. 2004/2575, art. 2(1), Sch. 1
- C6 S. 171 excluded (with effect in accordance with reg. 1(2) of the amending S.I.) by The Taxation of Securitisation Companies Regulations 2006 (S.I. 2006/3296), regs. 1(1), **18(1)**
- C7 S. 171 excluded (with effect in accordance with reg. 1(2) of the affecting S.I.) by The Taxation of Insurance Securitisation Companies Regulations 2007 (S.I. 2007/3402), regs. 1(1), **9(2)**
- C8 S. 171 excluded (with effect in accordance with s. 1329(1) of the affecting Act) by Corporation Tax Act 2009 (c. 4), **ss. 830(1)**, 1329(1) (with Sch. 2 Pts. 1, 2)
- C9 S. 171 modified (with effect in accordance with s. 1184(1) of the affecting Act) by Corporation Tax Act 2010 (c. 4), **ss. 601**, 1184(1) (with Sch. 2)
- C10 S. 171 excluded (with effect in accordance with s. 148 of the amending Act) by Finance Act 2012 (c. 14), **s. 118(6)(c)** (with s. 147, Sch. 17)
- C11 S. 171 excluded (with effect in accordance with reg. 1(2) of the amending S.I.) by The Risk Transformation (Tax) Regulations 2017 (S.I. 2017/1271), regs. 1(1), **9**
- C12 S. 171 excluded (24.2.2022) by Finance Act 2022 (c. 3), **Sch. 2 para. 33(3)(a)**
- C13 S. 171(1) excluded (retrospective to 11.1.1994) by Finance Act 1994 (c. 9), s. 252(3), **Sch. 24 para. 2(3)**
- C14 S. 171(1) excluded (retrospective to 11.1.1994) by Finance Act 1994 (c. 9), s. 252(3), **Sch. 24 para. 7(3)**
- C15 S. 171(1) excluded (retrospective to 11.1.1994) by Finance Act 1994 (c. 9), s. 252(3), **Sch. 24 para. 25(3)**
- C16 S. 171(1) restricted (8.11.1995) by Atomic Energy Authority Act 1995 (c. 37), **Sch. 3 para. 4(1)**
- C17 S. 171(1) excluded (24.7.1996) by Broadcasting Act 1996 (c. 55), s. 149(1), **Sch. 7 para. 2(2)** (with Sch. 7 para. 9(1))
- C18 S. 171(1) excluded (1.2.2001) by Transport Act 2000 (c. 38), s. 275(1), Sch. 7 paras. 2(4), 20(5); S.I. 2001/57, **art. 3(1)**
- C19 S. 171(2)(cc) excluded (with effect in accordance with reg. 1(2)(b) of the amending S.I.) by The Venture Capital Trust (Winding up and Mergers) (Tax) Regulations 2004 (S.I. 2004/2199), regs. 1(1), **12(2)**

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Changes and effects yet to be applied to :

- s. 171(3A) inserted by [2005 c. 22 Sch. 7 para. 9](#)

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

- Act applied by [1997 c. 16 Sch. 12 para. 12\(7\)1314](#)
- Act applied by [2002 c. 23 Sch. 16 para. 48\(1\)\(2\)](#)
- Act construed as one with reg. 37 by [S.I. 2006/575 reg. 37\(2\)](#)
- Act construed as one with reg. 38 by [S.I. 2006/575 reg. 38\(3\)](#)

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

- s. 4(10)(11) inserted by [2016 c. 11 s. 15\(4\)](#)
- s. 4(10) words inserted by [2016 c. 24 s. 83\(11\)](#)
- s. 35(3)(d)(xviii) added by [2008 c. 17 Sch. 7 para. 9](#)
- s. 35(3)(d)(xviii) inserted by [2008 c. 18 Sch. 13 para. 46](#)
- s. 35(3)(d)(xviii) repealed by [S.I. 2008/3002 Sch. 1 para. 42Sch. 3](#) (This amendment comes into force on the day 2008 c. 4, s. 5 comes into force, see art. 1(2). That provision was brought into force on 1.12.2008 by [S.I. 2008/3068](#), art. 2(1)(b))
- s. 104(4)(b)(i) words substituted by [S.I. 1989/469](#), reg. 27(2) (as amended) by [S.I. 1997/1716 reg. 13\(1\)\(b\)](#)
- s. 107(11) words substituted by [S.I. 1989/469](#), reg. 27(2A) (as amended) by [S.I. 1997/1716 reg. 13\(2\)\(b\)](#)
- s. 169S(4A) inserted by [2015 c. 11 s. 43\(2\)](#)
- s. 587B inserted by [2000 c. 17 s. 43\(1\)](#)
- Sch. 5C para. 3(1) modified by [S.I. 2004/2199 reg. 7\(1\)](#)
- Sch. 5C para. 3(6) modified by [S.I. 2004/2199 reg. 7\(2\)](#)
- Sch. 5C para. 5(1) modified by [S.I. 2004/2199 reg. 7\(3\)](#)
- Sch. 5C para. 3 words inserted by [S.I. 2005/3229 reg. 128](#)
- Sch. 5C para. 5 words inserted by [S.I. 2005/3229 reg. 128](#)
- Sch. 5C para. 6 words inserted by [S.I. 2005/3229 reg. 128](#)
- Sch. 5C para. 3(1)(f) words substituted by [2007 c. 3 Sch. 1 para. 347](#)