These notes refer to the Finance Act 2010 (c.13) which received Royal Assent on 8 April 2010

FINANCE ACT 2010

EXPLANATORY NOTES

INTRODUCTION

Section 37: Asset Transfer to Non-Resident Company: Recovery of Postponed Charge

Summary

1. Section 37 amends section 140 of the Taxation of Chargeable Gains Act 1992 (TCGA). Where a gain has been postponed on the transfer of an overseas branch's assets to a non-resident company in exchange for securities consisting of shares and loan stock, the change will ensure that the disposal of any of these securities will create a deemed chargeable gain that is subject to corporation tax (CT). The postponed gain is currently brought back into charge by treating it as additional consideration on a subsequent disposal of securities. This creates a problem relating to disposals of securities in the form of Qualifying Corporate Bonds (QCBs) which are exempt from tax on chargeable gains. As a result any postponed gain is also exempt on the subsequent disposal of the QCB. The changes will have effect in relation to disposals of securities on or after 6 January 2010.