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## **GROUPS: REALLOCATION OF CHARGEABLE GAINS**

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### **Who is likely to be affected?**

1. Groups of companies.

### **General description of the measure**

2. Legislation will be introduced in Finance Bill 2009 to make it easier for groups to match gains and losses that arise on disposals of chargeable assets without the need to transfer ownership of assets within the group.

### **Operative date**

3. The legislation will apply to losses or gains arising on or after the date that Finance Bill 2009 receives Royal Assent.

### **Current law and proposed revisions**

4. Where a company elects, section 171A of the Taxation of Chargeable Gains Act 1992 (TCGA) deems an asset to have been transferred from one group company to another group company before a disposal outside of the group. An election could not be made unless the disposal was to a third party and that third party acquired an asset. Consequently, the election could not be made for some types of gains and losses, for example, where an asset is subject to a claim that it has become of negligible value.
5. The changes to section 171A of TCGA mean that instead of deeming a transfer of an asset from one group company to another before the disposal, it transfers a gain or loss from the company making the disposal to one or more other specified companies within the group when they jointly elect. The former restrictions on the type of asset, and the circumstances under which the gain or loss arises no longer apply.

## **Further advice**

6. If you have any questions about this change, please contact Dipti Shah on 020 7147 2349 (email: [dipti.shah1@hmrc.gsi.gov.uk](mailto:dipti.shah1@hmrc.gsi.gov.uk)). Information about Budget measures is available on the HM Revenue & Customs website at [www.hmrc.gov.uk](http://www.hmrc.gov.uk)