

Company reconstruction or amalgamation: transfer of assets. CTA76 s127; CGT(A)A78 s13 615.—(1) In this section—

“scheme of reconstruction or amalgamation” means a scheme for the reconstruction of any company or companies or the amalgamation of any 2 or more companies;

“trading stock” has the same meaning as in section 89.

(2) Subject to this section, where—

(a) any scheme of reconstruction or amalgamation involves the transfer of the whole or part of a company's business to another company,

(b) at the time of the transfer both companies are resident in the State, and

(c) the first-mentioned company receives no part of the consideration for the transfer (otherwise than by the other company taking over the whole or part of the liabilities of the business),

then, in so far as relates to corporation tax on chargeable gains, the 2 companies shall be treated as if any assets included in the transfer were acquired by the one company from the other company for a consideration of such amount as would secure that on the disposal by means of the transfer neither a gain nor a loss would accrue to the company making the disposal, and for the purposes of section 556 the acquiring company shall be treated as if the respective acquisitions of the assets by the other company had been the acquiring company's acquisition of the assets.

(3) This section shall not apply in relation to an asset which until the transfer formed part of trading stock of a trade carried on by the company making the disposal, or in relation to an asset which is acquired as trading stock for the purposes of a trade carried on by the company acquiring the asset.