

Replacement capital. FA84 s19 500.—(1) In this section—

“subsidiary” means a subsidiary of a kind which a qualifying company may have by virtue of section 507;

“trade” includes any business, profession or vocation, and references to a trade previously carried on include references to part of such a trade.

(2) An individual to whom subsection (3) applies shall not be entitled to relief in respect of any shares in a company where at any time in the relevant period the company or any of its subsidiaries—

(a) begins to carry on, as its trade or as a part of its trade, a trade previously carried on at any time in that period otherwise than by the company or any of its subsidiaries, or

(b) acquires the whole or greater part of the assets used for the purposes of a trade previously so carried on.

(3) This subsection shall apply to an individual where—

(a) any person or group of persons to whom an interest amounting in the aggregate to more than a 50 per cent share in the trade (as previously carried on) belonged at any time in the relevant period is a person or a group of persons to whom such an interest in the trade carried on by the company, or any of its subsidiaries, belongs or has at any such time belonged, or

(b) any person or group of persons who controls or at any such time has controlled the company is a person or a group of persons who at any such time controlled another company which previously carried on the trade,

and the individual is that person or one of those persons.

(4) An individual shall not be entitled to relief in respect of any shares in a company where—

(a) the company comes to acquire all of the issued share capital of another company at any time in the relevant period, and

(b) any person or group of persons who controls or has at any such time controlled the company is a person or a group of persons who at any such time controlled that other company,

and the individual is that person or one of those persons.

(5) For the purposes of subsection (3)—

(a) the person or persons to whom a trade belongs and, where a trade belongs to 2 or more persons, their respective shares in that trade shall be determined in accordance with paragraphs (a) and (b) of subsection

(1), and subsections (2) and (3), of section 400, and

(b) any interest, rights or powers of a person who is an associate of another person shall be treated as those of that other person.