

Value received by persons other than claimants. FA84 s20 501.—(1) The relief to which an individual is entitled in respect of any shares in a company shall be reduced in accordance with subsection (4) if at any time in the relevant period the company repays, redeems or repurchases any of its share capital which belongs to any member other than—

(a) that individual, or

(b) another individual whose relief is thereby reduced by virtue of section 499 (3),

or makes any payment to any such member for giving up such member's right to any of the company's share capital on its cancellation or extinguishment.

(2) Subsection (1) shall not apply in relation to the redemption of any share capital for which the redemption date was fixed before the 26th day of January, 1984.

(3) Where—

(a) after the 5th day of April, 1984, a company issues share capital (in this subsection referred to as “the original shares”) of nominal value equal to the authorised minimum (within the meaning of the Companies (Amendment) Act, 1983 ) for the purposes of complying with the requirements of section 6 of that Act, and

(b) after the registrar of companies has issued the company with a certificate under section 6 of that Act the company issues eligible shares,

subsection (1) shall not apply in relation to any redemption of any of the original shares within 12 months of the date on which those shares were issued.

(4) Where subsection (1) applies, the amount of relief to which an individual is entitled shall be reduced by the amount receivable by the member or, if greater, the nominal value of the share capital in question and, where apart from this subsection 2 or more individuals would be entitled to relief, the reduction shall be made in proportion to the amounts of relief to which those individuals would have been entitled apart from this subsection.

(5) Where at any time in the relevant period a member of a company receives or is entitled to receive any value from the company within the meaning of this subsection, then, for the purposes of section 493 (4) in its application to any subsequent time—

(a) the amount of the company's issued ordinary share capital, and

(b) the amount of the part of that capital which consists of the shares relevant to section 493 (4) and the amount of the part consisting of the remainder,

shall each be treated as reduced in accordance with subsection (6).

(6) The amount of each of the parts mentioned in subsection (5)(b) shall be treated as equal to such proportion of that amount as the amount subscribed for that part less the relevant value bears to the amount subscribed, and the amount of the issued share capital shall be treated as equal to the sum of the amounts treated under this subsection as the amount of those parts respectively.

(7) In subsection (5)(b), the reference to the part of the capital which consists of the shares relevant to section 493 (4) is a reference to the part consisting of shares which (within the meaning of that section) the individual directly or indirectly possesses or is entitled to acquire, and in subsection (6) “the relevant value”, in relation to each of the parts mentioned in that subsection, means the value received by the member or members entitled to the shares of which that part consists.

(8) For the purposes of subsection (5), a member of a company receives or is entitled to receive value from the company within the meaning of that subsection in any case in which an individual would receive value from the company by virtue of paragraph (d), (e), (f), (g) or (h) of section 499 (3) (but treating as excepted from paragraph (h) all payments made for full consideration), and the value received shall be determined as for the purposes of that section.

(9) For the purposes of subsection (8), a person shall be treated as entitled to receive anything which the person is entitled to receive at a future date or will at a future date be entitled to receive.

(10) Where by virtue of this section any relief is withheld or withdrawn in the case of an individual to whom ordinary shares in the company have been issued at different times, the relief shall be withheld or withdrawn in respect of shares issued earlier rather than in respect of shares issued later.