

266B. Relevant time under sections 265D and 266

- (1) Subject to subsections (2) and (3), the time at which a company enters into a transaction at an undervalue or gives an unfair preference is a relevant time for the purposes of sections 265D(2) and 266(2) if the transaction is entered into, or the unfair preference given—
- (a) for a transaction at an undervalue—at a time in the period of 5 years ending with the day on which the winding up of the company commences;
 - (b) for an unfair preference which is not a transaction at an undervalue and is given to a person who is connected with the company (otherwise than by reason only of being its employee)—at a time in the period of 2 years ending with the day on which the winding up of the company commences; and
 - (c) in any other case of an unfair preference which is not a transaction at an undervalue—at a time in the period of 6 months ending with the day on which the winding up of the company commences.

Note—

- 1. For the time at which a winding up by the court commences, see section 184.
 - 2. For the time at which a voluntary winding up commences, see sections 209B(a)(i), 228A(5)(a) and 230.
- (2) The time mentioned in subsection (1)(a), (b) or (c) is not a relevant time for the purposes of sections 265D(2) and 266(2) unless either of the following conditions is satisfied—
- (a) the company is unable to pay its debts (within the meaning of section 178) at that time;
 - (b) the company becomes unable to pay its debts (within the meaning of section 178) in consequence of the transaction or unfair preference.
- (3) The conditions under subsection (2)(a) and (b) are presumed to be satisfied, unless the contrary is shown, in relation to a transaction at an undervalue which is entered into by a company with a person connected with the company (otherwise than by reason only of being its employee).

(Replaced 14 of 2016 s. 89)