

### [19.4.8] Redeemable share capital

- 8.1** The paying-off of redeemable share capital is not to be regarded as a reduction of capital within the definition of reorganisation of capital (see **Tax Instruction 19.4.6 Par. 7**). Where shares in a company are redeemed by the company otherwise than by the issue of other shares, the redemption should be treated as a disposal of the shares by the shareholder.

Redeemable shares and securities should not normally be treated as "wasting assets" for Capital Gains Tax purposes (see **Tax Instruction 19.2.16 Par. 8**).

- 8.2** Where a company buys its own debentures (or debenture stock) at less than the nominal value and thereafter cancels them, the benefit is not chargeable because, in law, a person cannot be the assignee of the person's own debt. The buying-in of the debenture liability is equivalent to the redemption of a debt and the benefit does not derive from the disposal of an asset.