

## **Disposals outside the group (S.619)**

### **ITCTCGT Manual Part 20-01-06**

Document last reviewed April 2017

### Disposal outside the group (S.619)

- 6.1** There is a chargeable occasion whenever a member of a group of companies disposes of an asset to a person outside the group. See **Tax Instruction [Part 19.04.13](#) Par. 3** regarding a non-resident group of companies.
- 6.2** Where a company which is or has been a member of a group of companies disposes of an asset which it acquired from another member of the group and the asset has been the subject of capital allowances in the hands of either company or of any other company of the group in a chain of ownership during which it has continuously been owned by members of the group, any **loss** accruing on that disposal is to be restricted by the total of the capital allowances given to all such members in respect of that asset.
- 6.3** The amount of the capital allowances given to each member of the group which has owned the asset is not, however, to be taken into account in computing the notional consideration (giving rise to neither gain nor loss) at which the asset is deemed to be transferred between members of the group.
- 6.4** All group members are treated as the same person for the purpose of calculating the gain (loss) when the asset is finally disposed of outside the group. The group member disposing of the asset outside the group is deemed to be the one which originally acquired the asset when it was first acquired by the group. In this way the market value at 6 April 1974 and indexation provisions are preserved within a group.
- 6.5** Where, however, an earlier transfer within a group consisted of 'development land' which gave rise to a capital gains tax liability (see **Tax Instruction [Part 20.01.04](#)**) the gain will be calculated, not by reference to the original cost to the group, but by reference to the transfer price in the last taxable transfer within the group. Without this provision a double charge to capital gains tax would arise.