

1 Restriction of relief on disposals to employee-ownership trusts

- (1) Section 236H of TCGA 1992 (disposals to employee-ownership trusts) is amended as follows.
- (2) For subsection (2) substitute –
 - “(2) Where this section applies, section 17(1) (disposals and acquisitions treated as made at market value) does not apply to the disposal and, taking account of that disapplication –
 - (a) if a gain accrues, subsection (2A) applies, or
 - (b) if no gain accrues, subsection (3) applies.
 - (2A) Where this subsection applies –
 - (a) only 50% of the gain is a chargeable gain,
 - (b) the disposal is not to be regarded as a qualifying business disposal for the purposes of Chapter 3 of Part 5 (business asset disposal relief),
 - (c) the ordinary share capital disposed of is to be regarded, immediately before the disposal, as comprised wholly of excluded shares for the purposes of Chapter 5 of that Part (investors’ relief), and
 - (d) the acquisition by the trustees is to be treated for the purposes of this Act as made for the consideration for the disposal less an amount equal to so much of the gain as is not a chargeable gain as a result of paragraph (a).”
- (3) In subsection (3), for “The”, in the first place it occurs, substitute “Where this subsection applies, the”.
- (4) The amendments made by this section have effect in relation to disposals made on or after 26 November 2025.