

## Redeemable share capital

### Part 19-04-08

This document should be read in conjunction with section 584 of the Taxes Consolidation Act 1997

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Does not reflect current Revenue position.

## Introduction

Redeemable shares are shares issued on terms that the company will, or may, buy them back at some future date. The date may be fixed or at the directors' discretion. The redemption price is often the same as the issue price but need not be.

### 8.1 Redeemable share capital

**Section 584 of the Taxes Consolidation Act 1997** provides that 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 and Duty Manual \(TDM\) Part 19-04-06](#)). 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 [TDM Part 19-02-16](#)).

### 8.2 Company buying its own debentures

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.