

Meaning of “control” in certain contexts

Part 01-00-05

This document should be read in conjunction with sections 10, 11, 400, 431, 432, 549, 550 of the Taxes Consolidation Act 1997.

Document last reviewed December 2022

Revenue

Cáin agus Custaim na hÉireann
Irish Tax and Customs



The information in this document is provided as a guide only and is not professional advice, including legal advice. It should not be assumed that the guidance is comprehensive or that it provides a definitive answer in every case.

Executive Summary

The purpose of this manual is to outline the importance of context and wording when interpreting the words “control” and “interest” as they relate to companies.

Relevance of context and wording

The interpretation of “control of” or “interest in” a company depends on the specific wording in the legislative section and/or on the context in which these terms appear. Subject to this, “control” is defined in sections 10 and 11 of the Taxes Consolidation Act 1997.

The concept of control is particularly important in the context of the following TCA sections;

- (a) Section 400 - company reconstructions without change of ownership.
- (b) Sections 549 and 550 - chargeable gains: transactions between connected persons.
- (c) Section 431 - determination of “closeness” of a company with quoted shares.
- (d) Section 432 - shares held by an associated company and per section 10(1) “control” is to be construed in accordance with section 432 (meaning of “associated company” and “control”).

Section 432 TCA:

A person controls a company if, the person is able to control, or to acquire control, either directly or indirectly, of the company’s affairs. Without prejudice to the generality of this provision, a person is regarded as having control of a company if the person has or is entitled to acquire:

- the greater part of the share capital or issued share capital or of the voting power,
- such part of that capital as would entitle the person on a total distribution of income to more than 50 per cent of such distribution, or
- such rights as would entitle the person on a winding up or otherwise to more than 50 per cent of the distributable assets.

Where two or more persons together satisfy the above criteria they shall also be taken to have control of the company [section 432(3)].

Link to further relevant information

Tax and Duty Manual [Part 13-01-02](#) Close Companies – see paragraphs 13 to 21