

Treatment of assets related to shares (s626C)

Part 20-01-15

This document should be read in conjunction with sections 626B and 626C of the Taxes Consolidation Act 1997

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Introduction

[Section 626C](#) of the **Taxes Consolidation Act 1997** (“TCA 1997”) provides a corresponding exemption to that provided for in [section 626B TCA 1997](#) (i.e. on disposals of certain shares – see [Tax and Duty Manual Part 20-01-14](#)) for assets related to shares.

15.1 Application

Section 626C TCA 1997 provides an exemption for gains accruing to a company on the disposal of assets related to shares in another company. This corresponds to that provided in **section 626B TCA 1997** for the disposal of certain shares.

For the exemption to apply, the company disposing of an asset related to shares of another company must, immediately before the disposal, have held shares in that other company and a disposal of such shares would have met the conditions of **section 626B TCA 1997**.

The exemption will also apply if the company disposing of an asset related to the shares of another company does not hold shares in that other company, but is a member of a group and a group member holds shares in that other company and a disposal of such shares, if owned by the company disposing of the asset related to shares, would have met the conditions of **section 626B TCA 1997**.

For the purposes of this section, “group” means a company which has one or more 51% subsidiaries together with those subsidiaries.

15.2 Options and securities

For the purpose of this section:

- (a) an option to acquire or dispose of shares in a company is an asset related to shares in that company,
- (b) certain securities are related to shares in a company where the holding of the securities gives a right to acquire or dispose of shares in the company, an option to acquire or dispose of shares in the company or another security with similar rights,
- (c) an option to acquire or dispose of such a security or an interest in such a security is also an asset related to the underlying shares.