

## Disposals outside the group (S.619)

### Part 20-01-06

This document should be read in conjunction with section 619  
of the Taxes Consolidation Act 1997

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## Introduction

**Section 619 of the Taxes Consolidation Act 1997 (“TCA 1997”)** sets out the main provisions for computing gains where an asset, acquired by a member of a group of companies from another group member, is eventually disposed of outside the group. Specific provisions are made for the restriction of losses and the relevant acquisition cost on the disposal of development land after a particular date.

### 6.1 Disposal outside the group

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 and Duty Manual \(TDM\) Part 19-04-13](#) regarding a non-resident group of companies.

### 6.2 Disposals and capital allowances

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 Disposals and notional consideration

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 Disposals and calculating the gain (loss)

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 Disposals and development land

Where, however, an earlier transfer within a group consisted of ‘development land’ which gave rise to a Capital Gains Tax (“CGT”) liability (see [TDM 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 CGT would arise.