

9.16.4. Transfer by a liquidator (1)

A solvent company, S Limited, is voluntarily wound up and its sole property, worth £550,000, is transferred in specie by the liquidator to the only shareholder, B.

Commentary:

The acquisition by B would be exempt as a transfer for no chargeable consideration (see scenario 9.1.1).

Note: If B is a company, the deemed market value rule⁹⁸⁵ will not apply (so as to disapply exemption). This is because although S Limited and B will be connected persons at the effective date of the transaction, the rule does not apply where the transaction is a distribution in specie by a liquidator (unless the interest transferred has been the subject of a group relief claim within the three years preceding the effective date).

9.16.5. Transfer by a liquidator (2)

A solvent company, S Limited, is voluntarily wound up and its sole property, worth £550,000, is to be transferred in specie by the liquidator to the two shareholders jointly. It is then suggested that the liquidator should transfer it to B only, who will pay £275,000 to the other shareholder. The transfer to B is completed on these terms.

Commentary:

This is a standard transaction. The chargeable consideration is £275,000.

Note: If B is a company, the deemed market value rule⁹⁸⁶ may apply.

9.16.6. Transfer on reduction of capital

A solvent company, S Limited, resolves to reduce its capital by £400,000 and transfers a property worth £400,000, in specie to the shareholders.

Commentary

Provided that there is no chargeable consideration the transfer will be exempt (see scenario 9.1.1).

⁹⁸⁵ Which substitutes a consideration of not less than the market value of the property transferred in certain cases where the purchaser is a company – see 1.7.2 above

⁹⁸⁶ See footnote 985