

# Full Day Seminar on Direct Taxes

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Reorganisation of  
Ownership and Capital  
Structure



Relevant from direct tax  
perspective

Reorganisation of  
Management and mode of  
doing business



Not relevant from direct tax  
perspective

# Methods of Financial Reorganisation/Restructuring for Firms and LLPs

# General Methods

- General methods of financial reorganisation for Firm/LLP
  - Sale of Business (Slump Sale v. Itemised Sale)
  - Transfer of Interest in Firm/LLP
  - Transfer of interest by way of Admission/Retirement of Partner

# Slump Sale

- Definition – S. 2(42C)
  - Sale of “undertaking” – Contrast from itemised sale
  - Lump sum consideration - can be split for stamp duty purpose
  - Split by buyer –

# Slump Sale

- Allocation of consideration for slump sale & depreciation on the component of goodwill –
  - Areva T & D India Ltd. v. DCIT (345 ITR 421) (Delhi HC)
  - Triune Energy Services (P.) Ltd. v. DCIT (237 Taxman 230) (Delhi HC)
  - ACIT v. Koch Chemical Technology Group (India) Ltd. (174 TTJ 747) (Mum. Trib.)

## Slump Sale

- Capital gain on sale of undertaking or part of the undertaking. -  
Sec. 50B is applicable even if certain assets are left out because

# Slump Sale

- If transfer of undertaking qualifies as succession u/s 47(xiii) or 47(xiiib) or 170 – 6th proviso to S. 32(1) applicable – depreciation allowed on proportionate basis. Itemised sale – depreciation based on cost of acquisition of individual asset.
- Slump sale - benefit of tax rate of long term capital gains on transfer of Depreciable Assets.



# Itemised Sale of Asset

- In case of itemised sale of asset – independent taxation:
  - **Depreciable Assets forming part of block of assets:** Reduce sale proceeds from the Block of Assets – tax consequences only when the block cease to exist or consideration is higher than the carrying value of Block of Asset – Tax Rate?
  - **Non - Depreciable assets:** Benefit of Indexation
- STCG on depreciable asset can be set off against LTCL – CIT v. Parrys (Eastern ) (P.) Ltd. (384 ITR 264) (Bom. HC)

# Transfer of Interest in Firm/LLP

- Restriction on transfer of interest in LLP/Firm – S. 42 of the LLP Act and S. 29 of the Indian Partnership Act –
  - Transferee or assignee does not have the right to participate in the management or conduct of the activities of the LLP or access information concerning the transactions of the LLP.
  - Only the right to profit or loss in the firm/LLP is transferrable
- Taxation on transfer of interest in LLP

# Transfer of Business by way of Admission/Retirement of Partner

- Admission of partner – Capital contribution
  - Cash – No tax consequences
  - Capital Asset – S. 45(3) – Book value –
    - LLP – Rule 23 of LLP Rules, 2009 – fair value ?
    - 50C will apply ?
      - DCIT v. M/s Amartara Pvt Ltd [2018] TIOL 125 (Mum T)
  - Stock in trade – S. 45(3) will apply ?
    - ITO v. Orchid Griha Nirman (P.) Ltd. [2016] 74 taxmann.com 187

# Transfer of Business by way of Admission/Retirement of Partner

- Retirement of partner
  - Cash Payment
    - 45(4) – Not applicable – CIT v. Dynamic Enterprises [2013] 359 ITR 83 (Kar. HC) (FB);
    - 56(2)(x) - Smt. Vasumati Prafullachand Sanghavi v. DCIT [2018] 168 ITD 585 (Pune - Trib.)
  - Transfer of Capital Asset

# Transfer of Business by way of Admission/Retirement of Partner

- Retirement of partner
  - Goodwill paid to the retiring partner
  - Accounting by Firm
    - Goodwill is recognised in books – Revalue the business of firm & give corresponding credit to partners capital.
    - Goodwill is not recognised in books – goodwill payment is debited to continuing partners capital account or incoming partners capital account.
  - Taxation
    - Amount received by retiring partner on retirement from firm on account of

# Transfer of Business by way of Admission/Retirement of Partner

- Admission of New Partners & Retirement of old partners
  - No tax consequences under normal tax provision - PCIT vs. Electroplast Engineers [2019] TS 168 (Bom HC)
  - GAAR ?
    - Main purpose to avoid tax ?
- Admission of New Partner & reduction in profit share of old partners to a nominal amount will help ?

# Conversion of Firm into Company

- Modes of Conversion
  - Conversion under Chapter XXI (Part I) of Companies Act, 2013 (Part IX of Companies Act, 1956)
  - Acquisition of business of the firm:
    - Sale of business to the Company
    - Takeover by Corporate Partner on dissolution of firm

# Conversion of Firm into Company

- Conversion under Chapter XXI (Part I) of Companies Act, 2013 (Part IX of Companies Act, 1956) :
  - No statutory exemption under the Act
  - Statutory vesting – no transfer – no consideration – no capital gain in the hands of the Firm – not required to comply with S. 47(xiii)



# Succession of Firm by a Company

- Section 47(xiii) – Exempts transfer of capital asset by a firm to a company as a result of succession of the firm by a company in the business carried on by the firm.
- Conditions –
  - all the assets and liabilities of the firm before the succession become the assets and liabilities of the company;

# Conversion of Firm into LLP

- Permitted by S. 55 of the LLP Act
- No exemption under the Income-tax Act
- CBDT Circular No. 5/2010 dated June 3, 2010 on amendments made by Finance Act 2009 reads as under:

“As an LLP and a general partnership is being treated as equivalent (except for recovery purposes) in the Act, the

# Succession of Sole Proprietor by a Company

- Section 47 (xiv) exempts succession of a sole proprietary concern by a company in the business carried on by it. The succession can be pursuant to sale or otherwise transfers capital asset to the company.
- Conditions
  - **all the assets and liabilities** of the sole proprietary concern relating to the business immediately before the succession become the assets and liabilities of the company;

# Succession of Sole Proprietor by Firm/LLP

- No statutory exemption under the Income-tax Act
  - **Option A:** Formation of Firm/LLP with nominal capital amount.
- **Step 1** Formation of LLP/Firm
- **Step 2** Declaration by the partner of contributing the business to the firm. The Firm will record the business undertaking at book value/agreed value/fair value(LLP) and credit the respective partner's capital.
- **Step 3** Other partners bringing capital contribution (cash or

# Merger/Demerger of LLPs

- S. 60 to 62 of the LLP Act permits merger/demerger amongst LLP, subject to NCLT approval. No similar provision under Indian Partnership Act
- No statutory exemption under the Income-tax Act
- Taxation of a non-qualifying demerger/merger:
  - Demerged/Amalgamating LLP
    - No consideration received – AAR ruling in the context of amalgamation of company – Benca Sella S.p.A. In no. 679

# Merger / Demerger of LLPs

- Partners of LLP –
  - Demerger
    - No transfer of capital assets; interest in demerged LLP continues
  - Amalgamation
    - CIT v. Grace Collis (248 ITR 323) (SC) [2001]?
    - CBDT Circular 5/2010 dated June 03, 2010?
- Resulting /Amalgamated LLP

# Merger of Firm/LLP into Company

- No statutory exemption under the Income-tax Act
  - Tax consequences in the hands of partners of LLP ?
- **LLP**
  - No statutory provision under LLP Act permitting merger
  - NCLT has approved merger in following cases:
    - M/s. Real Image LLP with M/s. Qube Cinema Technologies Pvt. Ltd. (CPA/2014/1000) (CLM/2014/15017)

# Merger of Firm/LLP into Company

- Partnership

- Favour – Kirtilal Kalidas Diamond Exports (148 Comp Case 607) (Bom. HC)
- Against – Kediya Ceramics, In re [2017] 86 taxmann.com 166 (NCLT - Ahd.)

- Tax consequences

- No statutory exemption



# Trust

# What is Trust

- Section 3 of the Indian Trust Act, 1882 (“Trust Act”) defines “trust” –
  - *“an obligation annexed to the ownership of property, and arising out of a confidence reposed in and accepted by the owner, or declared and accepted by him, for the benefit of another, or of another and the owner”*
- The person who reposes or declares the confidence is called the “author of the Trust” (generally known as settlor)

# Types of Private Trusts

- Based on the nature of beneficial interest
  - Determinate; or
  - Discretionary.
- In a determinate trust, the trustees have the powers to administer and manage the trust, and its finances; however, they do not have the discretion to decide the ratio in which the income and corpus of the Trust is to be

# Types of Private Trusts

- In a discretionary Trust, the trustees may distribute the benefits
  - to a few beneficiaries (and exclude others); or
  - vary the proportion each year or
  - decide not to distribute the income at all in a given year (subject to the discretion being exercised reasonably and in good faith).

# Taxation on Settlement of Trust

- Settlor
  - Exemption u/s 47(iii) – settlement of irrevocable trust
- Trustee
  - Receives trust property coupled with obligation to use the property for the benefit of beneficiaries – cannot say the property is received without consideration or inadequate consideration

# Taxation on Settlement of Trust

- Beneficiary
  - What do the beneficiaries receive on settlement of Trust ?
  
- Determinate Trust –
  - *W.O. Holdsworth vs. The State of Uttar Pradesh [1958] 33 ITR 472 (SC) – the trustee is the owner of the trust property and the beneficiary only has a right against the trustee as owner of the trust property. The trustee is thus the legal owner of the trust property and the*

# Taxation on Settlement of Trust

- Discretionary Trust – No tax consequence
- CWT v. Estate of HMM Vikramsinhji of Gondal [2014] 268 CTR 232 (SC) has held that *A discretionary trust is one which gives a beneficiary no right to any part of the income of the trust property, but vests in the trustees a discretionary power to pay him, or apply for his benefit, such part of the income as they think fit. . . . The beneficiary thus has no more than a hope that the discretion will be exercised in his favour.*
- Commissioner of Wealth-tax v. Arvind Narottam [1988] 172 ITR 470 (SC) a mere right to be considered

# Transfer of Interest in Trust

- Section 58 of Indian Trust Act – empowers a beneficiary to transfer beneficial interest.
- ‘right of beneficiary’ or beneficial interest in Trust property is not a specified property, Section 56(2)(x) may not apply even to transfer of an interest in Trust Property.
  - The above principles may not apply to a beneficial interest in a business trust (units of collective investment scheme and mutual fund scheme) in a



# Modification of Trust Deed

- At the time of settlement of Trust, the property is transferred by the settlor/author to the Trustee.
- Generally, there is no transfer/receipt of any Property on modification of terms of the Trust Deed and consequently, the section is not triggered
  - Commissioner of Gift-tax v. Nandkishore Sakarlal (264 ITR 453) (Guj HC)

# Distribution of Trust Property

- Trust income distributed to the beneficiary is a distribution of tax-paid income and, therefore, it cannot be taxed again in the hands of the beneficiary.
  - CIT v. Smt. Kamalini Khatau [1994] 209 ITR 101 (SC)
- The distribution of trust property to the beneficiaries is working out of pre-existing rights of the beneficiaries as per the trust deed.

# Methods of Financial Reorganisation/Resolution for Companies

# General Methods

- General methods of financial reorganisation for Company
  - Conversion of Company into LLP
  - Acquisition by transfer of shares (sale, exchange)
  - Buyback

# Conversion of Company into LLP

- Section 47(xiiib) exempts transfer of a capital asset by a private company or unlisted public company to a LLP and also transfer of shares held in the company by a shareholder
- Conditions –
  - **all the assets and liabilities** of the company immediately before the conversion become the assets and liabilities of the limited liability

# Conversion of Company into LLP

- Conditions –
  - the **aggregate of the profit sharing ratio** of the shareholders of the company in the LLP shall not be less than **fifty per cent** at any time during the period of **five years** from the date of conversion;
  - the total sales, **turnover** or gross receipts in the business of the company in any of the **three**

# Conversion of Company into LLP

- Conversion in compliance with provisions of 47(xiii b) – Conditions –
  - All assets and liabilities are transferred
  - Same capital contribution and profit sharing ratio
    - If company has preference shares?

# Conversion of Company into LLP

- Total sales in last 3 years < 60 lacs -
  - Sales which is taxable under the head 'PGBP' – CBDT Circular on Finance Act, 2010 (Circular No. 1 of 2011)
  
- Total asset in last 3 years < 5 crores
  - If the company is in existence for less than 3 years?
  
- No amount is paid to partners in next 3 years out



# Conversion of Company into LLP

- Merger/Demerger followed by conversion ?
  - GAAR ?
- Whether any capital gains in the hands of company or shareholder on non-compliant conversion ?
  - Aravali Polymers LLP v. JCIT [2014] 47 taxmann.com 335 (Kolkata - Trib.) – Capital Gain in the hands of company
  - ACIT v. Celerity Power LLP [2018] 174 ITD 433 (Mum Trib.)

# Conversion of Company into LLP

- Depreciation – continuity of cost of fixed assets to the Company - Explanation 2C of S. 43(6) - ACIT v. Celerity Power LLP [2018] 174 ITD 433 (Mum Trib.)
- Depreciation on Goodwill ?
  - Explanation 2C of S. 43(6) and Explanation 2 of S. 43(6) are pari materia

# Recent Developments

- Sale of shares of subsidiary is not an undertaking
  - PCIT v. UTV Software Communication Ltd [2019] TS 44 (Bom. HC). Rationale – Business Undertaking is owned by the subsidiary company and even after the transfer of shares, the business undertaking continues with the same company.
- Family Arrangement – Corporate Entity

# Acquisition by transfer of shares

- Transfer of shares
  - In hands of transferor – Capital Gains (S. 50CA)
  - In the hands of transferee – S. 56(2)(x)
  - Rule 11UA
- Specific Exemption on transfer of shares held by

# Transfer of shares

- DTAA benefit to Non-Resident Shareholders
- Cost of acquisition of encumbered shares not determinable - Bijal Investment Co. (P.) Ltd. v. ITO (72 taxmann.com 243) (Gujarat HC)
- Call option of 150 years - irrevocable power of attorney – is a transfer of capital asset - Praful Chandaria v. ADIT (73 taxmann.com 14 (Mum. Trib.)

# Transfer of shares

- S. 112A of the Income-tax Act
  - Capital gains tax @ 10% on transfer of equity shares, units of equity oriented funds and units of business trust which were exempted as per provisions of section 10 (38)
  - COA shall be higher of the following:
    - The actual cost of acquisition, and
    - The lower of

# Transfer of shares

- Listed Companies - impact of grand fathering
  - To issue bonus shares or not ?
  - Impact of reverse merger ?
  - Merger of entity owning shares of listed entity ?

# Buyback

- Buyback v. Dividend
  - 115QA – tax on domestic companies not listed on recognised stock exchange on distributed income on buy back – tax rate 20%
  - 10(34A) – exempts income in the hands of shareholders



# Buyback

- Realignment of shareholding
  - Companies Act – No restriction on minimum or maximum price for buy back of shares
  - S. 56(2)(x) – Not a capital asset
    - Commercial Tax Officer & Ors vs State Bank Of India [2016] 11 TMI 416 (SC);
    - Vora Financial Services P. Ltd. v. ACIT [2018] TS

# Capital Reduction

- With consideration
  - Transfer chargeable to capital gains in hands of shareholders – *Kartikeya V. Sarabhai v. CIT* (228 ITR 163) (SC) [1997]
  - 50CA ?
  - Deemed Dividend u/s 2(22)(d) to the extent of accumulated profits

# Variation in the rights of Shareholders

- Companies Act permits differential rights to shareholders - example
  - Differential right to dividend
  - Differential right to vote
- No distinction under Rule 11UA
- Variation of rights tantamount to transfer ?
  - Cost of acquisition of particular right

# Conversion of shares

- Conversion of equity shares to preference shares from one class to another
  - Transfer chargeable to capital gains –
    - ACIT v. Trustees of H.E.H. The Nizam's Second Supplementary Family Trust (102 ITR 248) (AP HC) [1976] – against
    - CIT v. Santosh L. Chowgule (234 ITR 787) (Bom HC) [1999] – against
    - Periar Trading Company (P.) Ltd. v. ITO [2018] 174

# Fast track Merger/Demerger

- S. 233 of the Companies Act, 2013 – Companies between which fast track merger scheme can be entered:
  - Two or more small companies
    - Paid-up Share capital does not exceed fifty lakh rupees ; and
    - Turnover as per its last P&L account does not exceed

# Fast track Merger/Demerger

- Major impediment – approval of 90% of creditors
- Income Tax
  - S. 2(1b) "amalgamation" *in relation to companies, means the merger of one or more companies with another company*

# IBC - Takeover

- Possible ways for takeover
  - Purchase of Shares (original shares and shares (if any) allotted on conversion of liability into equity) of the target company
  - Subscribe to shares of target company and without consideration cancel (capital reduction) the original shares and shares (if any) allotted on conversion of liability into equity

# Restructuring - takeover in IBC

- Main income tax issues on waiver of loan –
  - S. 41(1) – cessation of trading liability
    - Waiver of loan taken for acquiring capital assets - Commissioner v. Mahindra And Mahindra Ltd. [2018] 93 taxmann.com 32 (SC) - not taxable u/s 41(1) – not taxable



# Restructuring - takeover in IBC

- Main income tax issues on waiver of loan –
  - MAT – waiver of loan - credit to Statement of Profit and Loss
    - Amendment vide Finance Act, 2018 - the aggregate amount of unabsorbed depreciation and loss brought forward would be allowed (otherwise lesser of the two amounts is allowed)

# Restructuring - takeover in IBC

- Options to mitigate tax implication –
  - Option 1 - Takeover of loan from the lenders by the acquirer for a nominal consideration and conversion of interest bearing loan into interest free loan – future DDT liability also reduced
  - Option 2 – Conversion of Loan into Equity Shares and purchase of equity shares by the acquirer at nominal consideration (subject to S 56(2)(x))

- Amalgamation of companies fulfilling conditions u/s 2(1B)
- Amalgamation of companies not fulfilling conditions u/s 2(1B)
- Amalgamation of entities other than companies

# Qualifying Amalgamation

- Inserted in 1967 – to facilitate merger of uneconomic company units with other financially sound Indian companies with tax neutrality
- S. 2(1B)
  - All the property & liabilities of the amalgamating company becomes property & liabilities of the amalgamated company

# Qualifying Amalgamation

- Exemption from Capital Gains
  - ❖ S. 47(vi) – in the hands of amalgamating company

Additional Condition to claim exemption –

- Amalgamated company is Indian Company

(Merger of Foreign Company into Indian Company is permitted by S. 234 of the Companies Act r.w.

# Qualifying Amalgamation

- Exemption from Capital Gains
  - ❖ S. 47(vii) – in the hands of shareholders of amalgamating company

Additional Condition to claim exemption –

- Amalgamated company is an Indian Company
- Consideration is any share or shares of amalgamated company
- Preference share to equity shares?

# Qualifying Amalgamation

- Exemptions – S. 56(2)(x)
  - S. 56(2)(x) – not applicable to transactions covered under
    - S. 47(vi) – receipt by amalgamated company and;
    - S. 47(vii) – receipt by shareholders of amalgamating company
  - Out of abundant caution ?

# Non-qualifying Amalgamation

- If, amalgamation is not exempt –
  - Shareholders of amalgamating co. – receiving shares of amalgamated company in lieu of shares of amalgamating co. (where shares of amalgamating co. constitute capital asset in India)– in principle taxable, CIT v. Grace Collis (248 ITR 323) (SC) [2001]
  - No capital gains on amalgamating company as



# Amalgamation - Issues

- Goodwill – Arising/Recorded on Amalgamation
  - Depreciation can be claimed u/s 32 - CIT v. Smifs Securities Ltd. [2012] (348 ITR 302) (SC) – recently followed in PCIT v. Zydus Wellness Ltd. 87 taxmann.com 82 (Gujarat HC)
  - Cannot be claimed in the year of amalgamation to the extent it exceeds the total depreciation allowable as per 6th proviso (earlier 5th proviso) to S. 32 - United

Other assets not recorded in the books of Transferor?

# Amalgamation - Issues

- Carry forward and set off of accumulated loss
  - Business Losses – S 72 – c/fd allowed only in hands of the assessee incurring it
    - Eastern Dooars Tea Co. Ltd. V. ITO (7 ITD 820) (Cal. Trib) [1984]
  - C/fd of losses and unabsorbed depreciation allowed by Court approved Scheme – allowable even if beyond Income tax Act provisions

# Amalgamation - Issues

- S. 72A – conditions subject to which c/fd of unabsorbed depreciation and accumulated losses allowed in the hands of amalgamated company
- In case conditions of S. 72A not satisfied or in case of amalgamation of entities other than companies – c/fd not allowed
  - Rajasthan R.S.S. & Ginning Mills Fed. Ltd. (363

# Amalgamation - Issues

- If conditions are satisfied, fresh 8 years to set-off unabsorbed losses
- Losses other than business losses – not allowed
  - Clariant Chemicals (I) Ltd. V. ACIT (152 ITD 191) (Mum ITAT) [2015]
- MAT Credit of Amalgamating Company – allowed in hands of Amalgamated Company

# Amalgamation - Issues

- Computation of book profits –
  - Unabsorbed depreciation and b/fd losses as per books of Amalgamating Company – to be considered
    - ACIT v. Finolex Cables Ltd. (2011 (7) TMI 1153) (Pune Trib.)
    - M/s VST Tillers & Tractors Ltd v. CIT (2009 TIOL 26) (Bang. Trib.)
  - Quantum in case of companies under IBC

# Amalgamation - Issues

- Computation of book profits –
  - Revaluation on merger –
    - Reserves created/increase in equity on merger – whether revaluation reserve?
    - Not to be ignored – in absence of specific provision unlike in cases of demerger [S. 115JB(2B)]
- Reverse merger

- Demerger of undertaking fulfilling conditions u/s 2(19AA)
- Demerger not fulfilling conditions u/s 2(19AA)

# Qualifying Demerger

- Definition – S. 2(19AA) –
  - S. 391 to 394 of Companies Act, 1956 (S. 230 to 232 of Companies Act, 2013) – whether to include demerger under IBC?
  - All the property of the undertaking is transferred to the resulting company.
  - All the relatable liabilities of the undertaking are



# Qualifying Demerger

- Definition – S. 2(19AA) –
  - Resulting company issues shares to the shareholders of demerged company, on proportionate basis – consideration only in form of shares of resulting co.
  - 3/4th of the shareholders (in value) of the demerged company becomes shareholders of the resulting company.

# Qualifying Demerger

- Undertaking – Explanation 1 to S. 2(19AA) –
  - Whole or part – not individual asset
    - DCIT v. NOCIL Ltd. (165 ITD 138) (Mum. Trib.) [2017]
  - Shares of a operating subsidiary company is not an undertaking
    - PCIT v. UTV Software Communication Ltd [2019] TS 44 (Bom. HC)

# Qualifying Demerger

- Resulting Company – S. 2(41A) –
  - Single company
  - Group of two or more companies (including WOS)
  - Includes –
    - Any authority or body or local authority
    - Public sector company

# Qualifying Demerger

- Exemptions – Capital Gains
  - S. 47(vib) in the hands of demerged company
    - Additional condition – Resulting Company is an Indian Company
  - S. 47(vid) – transfer or issue of shares **by** resulting co. **to** shareholders of demerged co.
    - no capital gains in hands of resulting co. - irrelevant
    - Gains in hands of shareholders of demerged co. –

# Qualifying Demerger

- Exemptions – S. 56(2)(x)
  - S. 56(2)(x) – not applicable to transactions covered under
    - S. 47(vib) – receipt by resulting company and;
    - S. 47(vid) – receipt by shareholders of demerged

Out of abundant caution?

# Demerger - Issues

- In case of qualifying demerger –
  - Position for shareholders of the demerged company ?
  - Transfer by way of Cancellation or Capital Reduction of shares of the demerged company – Allotment of shares by resulting co. and Transfer are two separate transactions ? – If so, transfer is without consideration.

# Qualifying Demerger

- Carry forward and setoff of accumulated losses and unabsorbed depreciation
  - S. 72A(4) Computation –
    - Accumulated loss & unabsorbed depreciation directly related;
    - Accumulated loss & unabsorbed depreciation not directly related – Proportionate based on assets – (net assets or gross assets, book value or fair value)

# Demerger - Issues

- In case of qualifying demerger –
  - Goodwill/Brand not in the books of demerged company to be considered ? Depreciation ?
  - Ind AS 103 – fair value accounting – compliant demerger?
  - MAT Credit of the demerged undertaking –



# Demerger - Issues

- Computation of Book Profits u/s 115JB
  - Ind AS 103 – fair value accounting to be ignored for the purpose of MAT [S. 115JB(2B)]
  - Adjustment of debits/credits pursuant to demerger [Clause (c) and (d) of S. 115JB(2A)] – incorrect assumption as to applicability of Appendix A of the Ind AS 10?

# Non-Qualifying Demerger

- Taxation of a non-qualifying demerger
  - Demerged company – No consideration received – AAR ruling in the context of amalgamation should apply
  - Company entitled to receive consideration on transfer of undertaking. Transfer of part of the consideration to the shareholders in the same scheme of arrangement – liable to be taxed in the

Thank You