

[01-00-05] Meaning of “control” in certain contexts

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

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The interpretation of "**control of**" or "**interest in**" a company depends on the particular wording of the sections themselves or on the context in which they appear. Subject to this, "control" is defined in sections 10 and 11 TCA 1997. However, the concept of control is particularly important in the context of the following sections of the TCA 1997:

- (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 (see para 21 of Tax Instruction [Part 13.1.2](#) "Close Companies").
- (d) Section 432 - shares held by an associated company. Under section 10(1) TCA "control" is to be construed in accordance with section 432 (meaning of "associated company" and "control").

(see also paras 13 to 20 of Tax Instruction [Part 13.1.2](#) "Close Companies").

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 majority of the issued share capital or 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."