

## **TR 32**

### **Facts**

A shareholder holding the majority of shares in a company engaged in building services contemplates to sell all his shares to another potential new shareholder at a substantial amount in excess of the nominal value thus realising a capital gain. The existing shareholder does not trade in shares and this transaction is a one-off event.

### **Point at issue**

Whether the gains accruing from the sale of shares are taxable in the hands of the seller.

### **Ruling (issued in November 2003)**

The gains derived from the sale of shares are not subject to income tax by virtue of the exemption provided under Item 1 of Part IV of the Second Schedule to the Income Tax Act.