



Taxation of Chargeable Gains Act 1992

1992 CHAPTER 12

PART II

GENERAL PROVISIONS RELATING TO COMPUTATION OF GAINS AND ACQUISITIONS AND DISPOSALS OF ASSETS

CHAPTER II

ASSETS AND DISPOSALS OF ASSETS

General provisions

21 Assets and disposals.

- (1) All forms of property shall be assets for the purposes of this Act, whether situated in the United Kingdom or not, including—
 - (a) options, debts and incorporeal property generally, and
 - [^{F1}(b) currency, with the exception (subject to express provision to the contrary) of sterling,]
 - (c) any form of property created by the person disposing of it, or otherwise coming to be owned without being acquired.
- (2) For the purposes of this Act—
 - (a) references to a disposal of an asset include, except where the context otherwise requires, references to a part disposal of an asset, and
 - (b) there is a part disposal of an asset where an interest or right in or over the asset is created by the disposal, as well as where it subsists before the disposal, and generally, there is a part disposal of an asset where, on a person making a disposal, any description of property derived from the asset remains undisposed of.

Status: Point in time view as at 01/04/2020.

Changes to legislation: Taxation of Chargeable Gains Act 1992, Chapter II is up to date with all changes known to be in force on or before 02 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F1 S. 21(1)(b) substituted (19.7.2006) by [Finance Act 2006 \(c. 25\)](#), [Sch. 12 para. 9](#)

Modifications etc. (not altering text)

- C1** S. 21(2)(b) applied by [1970 c. 9](#), [Sch. 3ZC para. 12\(2\)](#) (as inserted (retrospective to 11.7.2019 and with effect in accordance with [Sch. 7 para. 4\(1\)\(a\)](#) of the amending Act) by [Finance Act 2020 \(c. 14\)](#), [Sch. 7 para. 2](#))
- C2** S. 21(2) applied (8.11.1995) by [Atomic Energy Authority Act 1995 \(c. 37\)](#), [Sch. 3 para. 4\(2\)](#)
- C3** S. 21(2) applied by [1970 c. 9](#), [Sch. 3ZB para. 14\(5\)](#) (as inserted (17.7.2013) by [Finance Act 2013 \(c. 29\)](#), [Sch. 49 paras. 6, 8](#))

22 Disposal where capital sums derived from assets.

- (1) Subject to sections 23 and 26(1), and to any other exceptions in this Act, there is for the purposes of this Act a disposal of assets by their owner where any capital sum is derived from assets notwithstanding that no asset is acquired by the person paying the capital sum, and this subsection applies in particular to—
- (a) capital sums received by way of compensation for any kind of damage or injury to assets or for the loss, destruction or dissipation of assets or for any depreciation or risk of depreciation of an asset,
 - (b) capital sums received under a policy of insurance of the risk of any kind of damage or injury to, or the loss or depreciation of, assets,
 - (c) capital sums received in return for forfeiture or surrender of rights, or for refraining from exercising rights, and
 - (d) capital sums received as consideration for use or exploitation of assets.
- (2) In the case of a disposal within paragraph (a), (b), (c) or (d) of subsection (1) above, the time of the disposal shall be the time when the capital sum is received as described in that subsection.
- (3) In this section “capital sum” means any money or money’s worth which is not excluded from the consideration taken into account in the computation of the gain.
- [^{F2}(4) Subsection (1) does not apply where a company receives, or becomes entitled to receive—
- (a) a capital distribution within the meaning of section 122 (see instead subsection (1) of that section), or
 - (b) a distribution to which the charge to corporation tax on income under Part 9A of CTA 2009 (company distributions) applies or would apply were the distribution not exempt for the purposes of that Part.]

Textual Amendments

F2 S. 22(4) inserted (with effect in accordance with [Sch. 3 paras. 5, 7](#) of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 3 para. 4\(2\)](#) (with [Sch. 3 para. 6\(3\)](#))

Modifications etc. (not altering text)

C4 S. 22 excluded (27.7.1993) by [1993 c. 37](#), s. 12, [Sch. 2 Pt. I para.17](#)

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23 Receipt of compensation and insurance money not treated as a disposal.

(1) If the recipient so claims, receipt of a capital sum within paragraph (a), (b), (c) or (d) of section 22(1) derived from an asset which is not lost or destroyed shall not be treated for the purposes of this Act as a disposal of the asset if—

- (a) the capital sum is wholly applied in restoring the asset, or
- (b) (subject to subsection (2) below), the capital sum is applied in restoring the asset except for a part of the capital sum which is not reasonably required for the purpose and which is small as compared with the whole capital sum, or
- (c) (subject to subsection (2) below), the amount of the capital sum is small, as compared with the value of the asset,

but, if the receipt is not treated as a disposal, all sums which would, if the receipt had been so treated, have been brought into account as consideration for that disposal in the computation of the gain shall be deducted from any expenditure allowable under Chapter III of this Part as a deduction in computing a gain on the subsequent disposal of the asset.

(2) If the allowable expenditure is less than the consideration for the disposal constituted by the receipt of the capital sum (or is nil)—

- (a) paragraphs (b) and (c) of subsection (1) above shall not apply, and
- (b) if the recipient so elects (and there is any allowable expenditure)—
 - (i) the amount of the consideration for the disposal shall be reduced by the amount of the allowable expenditure, and
 - (ii) none of that expenditure shall be allowable as a deduction in computing a gain accruing on the occasion of the disposal or any subsequent occasion.

In this subsection “allowable expenditure” means expenditure which, immediately before the disposal, was attributable to the asset under paragraphs (a) and (b) of section 38(1).

(3) If, in a case not falling within subsection (1)(b) above, a part of a capital sum within paragraph (a) or paragraph (b) of section 22(1) derived from an asset which is not lost or destroyed is applied in restoring the asset, then if the recipient so claims, that part of the capital sum shall not be treated as consideration for the disposal deemed to be effected on receipt of the capital sum but shall be deducted from any expenditure allowable under Chapter III of this Part as a deduction in computing a gain on the subsequent disposal of the asset.

(4) If an asset is lost or destroyed and a capital sum received by way of compensation for the loss or destruction, or under a policy of insurance of the risk of the loss or destruction, is within one year of receipt, or such longer period as the inspector may allow, applied in acquiring an asset in replacement of the asset lost or destroyed the owner shall if he so claims be treated for the purposes of this Act—

- (a) as if the consideration for the disposal of the old asset were (if otherwise of a greater amount) of such amount as would secure that on the disposal neither a gain nor a loss accrues to him, and
- (b) as if the amount of the consideration for the acquisition of the new asset were reduced by the excess of the amount of the capital sum received by way of compensation or under the policy of insurance, together with any residual or scrap value, over the amount of the consideration which he is treated as receiving under paragraph (a) above.

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- (5) A claim shall not be made under subsection (4) above if part only of the capital sum is applied in acquiring the new asset but if all of that capital sum except for a part which is less than the amount of the gain (whether all chargeable gain or not) accruing on the disposal of the old asset is so applied, then the owner shall if he so claims be treated for the purposes of this Act—
- (a) as if the amount of the gain so accruing were reduced to the amount of the said part (and, if not all chargeable gain, with a proportionate reduction in the amount of the chargeable gain), and
 - (b) as if the amount of the consideration for the acquisition of the new asset were reduced by the amount by which the gain is reduced under paragraph (a) of this subsection.
- [^{F3}(6) If a building (“the old building”) is destroyed or irreparably damaged, and all or part of a capital sum received by way of compensation for the destruction or damage, or under a policy of insurance of the risk of the destruction or damage, is applied by the recipient in constructing or otherwise acquiring a replacement building situated on other land (“the new building”), then for the purposes of subsections (4) and (5) above each of the old building and the new building shall be regarded as an asset separate from the land on which it is or was situated and the old building shall be treated as lost or destroyed.
- (7) For the purposes of subsection (6) above:
- (a) references to a building include references to any permanent or semi-permanent structure in the nature of a building; and
 - (b) the reference to a sum applied in acquiring the new building does not include a reference to a sum applied in acquiring the land on which the new building is situated; and
 - (c) all necessary apportionments shall be made of any expenditure, compensation or consideration, and the method of apportionment shall be such as is just and reasonable.
- (8) This section shall apply in relation to a wasting asset with the following modifications:
- (a) paragraphs (b) and (c) of subsection (1) above, and subsection (2) above, shall not apply; and
 - (b) in subsections (1) and (3) above, the amount of the expenditure from which the deduction is to be made shall be the amount which would have been allowable under Chapter III of this Part if the asset had been disposed of immediately after the application of the capital sum.]

Textual Amendments

- F3** S. 23(6)(7)(8) substituted for s. 23(6) (with effect in accordance with Sch. 39 para. 3(3) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), **Sch. 39 para. 3(2)**

Modifications etc. (not altering text)

- C5** S. 23(4) modified (retrospective to 11.1.1994) by [Finance Act 1994 \(c. 9\)](#), s. 252(3), **Sch. 24 para. 3(1)(3)**
- C6** S. 23(4) modified (19.9.1994) by [Coal industry Act 1994 \(c. 21\)](#), s. 68(4), **Sch. 4 para. 3(1)-(3)** (with [Sch. 4 para. 14](#)); [S.I. 1994/2189](#), art. 2, Sch.
- C7** S. 23(4)(5) modified (24.7.1996) by [Broadcasting Act 1996 \(c. 55\)](#), s. 149(1), **Sch. 7 para. 10(1)(3)** (with [Sch. 7 para. 9\(1\)](#))

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- C8** S. 23(5) modified (retrospective to 11.1.1994) by [Finance Act 1994 \(c. 9\), s. 252\(3\), Sch. 24 para. 3\(2\)\(3\)](#)
- C9** S. 23(5) modified (19.9.1994) by [Coal industry Act 1994 \(c. 21\), s. 68\(4\), Sch. 4 para. 3\(1\)-\(3\)](#) (with [Sch. 4 para. 14](#)); [S.I. 1994/2189](#), art. 2, Sch.

24 Disposals where assets lost or destroyed, or become of negligible value.

- (1) Subject to the provisions of this Act and, in particular to ^[F4]sections 140A(1D), 140E(7) and 144], the occasion of the entire loss, destruction, dissipation or extinction of an asset shall, for the purposes of this Act, constitute a disposal of the asset whether or not any capital sum by way of compensation or otherwise is received in respect of the destruction, dissipation or extinction of the asset.

^[F5](1A) A negligible value claim may be made by the owner of an asset (“P”) if condition A or B is met.

(1B) Condition A is that the asset has become of negligible value while owned by P.

(1C) Condition B is that—

- (a) the disposal by which P acquired the asset was a no gain/no loss disposal,
- (b) at the time of that disposal the asset was of negligible value, and
- (c) between the time when the asset became of negligible value and the disposal by which P acquired it, each other disposal (if any) of the asset was a no gain/no loss disposal.]

^[F6](2) ^[F7]Where a negligible value claim is made:]

- (a) this Act shall apply as if the claimant had sold, and immediately reacquired, the asset at the time of the claim or (subject to paragraphs (b) and (c) below) at any earlier time specified in the claim, for a consideration of an amount equal to the value specified in the claim.
- (b) An earlier time may be specified in the claim if:
 - (i) the claimant owned the asset at the earlier time; and
 - (ii) the asset had become of negligible value at the earlier time; and either
 - (iii) for capital gains tax purposes the earlier time is not more than two years before the beginning of the year of assessment in which the claim is made; or
 - (iv) for corporation tax purposes the earlier time is on or after the first day of the earliest accounting period ending not more than two years before the time of the claim.
- (c) Section 93 of and Schedule 12 to the Finance Act 1994 (indexation losses and transitional relief) shall have effect in relation to an asset to which this section applies as if the sale and reacquisition occurred at the time of the claim and not at any earlier time.]

- (3) For the purposes of ^[F8]this section], a building and any permanent or semi-permanent structure in the nature of a building may be regarded as an asset separate from the land on which it is situated, but ^[F9]where a building or structure is so regarded,] the person deemed to make the disposal of the building or structure shall be treated as if he had also sold, and immediately reacquired, the site of the building or structure (including in the site any land occupied for purposes ancillary to the use of the building or structure) for a consideration equal to its market value at that time.

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- [^{F10}(3A) Subsection (3C) applies, for the purposes of this section, in relation to an asset which is a leasehold interest in a building or structure by reference to which a person is entitled to an allowance under Part 2A of CAA 2001 (structures and buildings allowances).
- (3B) For the purposes of subsection (3A), “leasehold interest” is to be construed in accordance with section 270IH of CAA 2001.
- (3C) Where this subsection applies—
- (a) the building or structure is to be regarded, for the purposes of this section, as an asset separate from the land on which it is situated, and
 - (b) subsection (3) does not apply.
- (3D) But subsection (3C) does not apply if the person deemed to make the disposal of the building or structure makes an election under this subsection.
- (3E) An election under subsection (3D), in respect of a deemed disposal, must be made by a notice given to an officer of Revenue and Customs—
- (a) in the case of an election by a person within the charge to corporation tax, within the period of two years from the end of the accounting period in which the disposal is deemed to be made; and
 - (b) in any other case, on or before the first anniversary of the 31 January following the year of assessment in which the disposal is deemed to be made.
- (3F) An election under subsection (3D) is irrevocable.]
- [^{F11}(4) For the purposes of subsection (1C), a no gain/no loss disposal is one which, by virtue of any of the no gain/no loss provisions, neither a gain nor a loss accrues to the person making the disposal.]

Textual Amendments

- F4** Words in s. 24(1) substituted (with effect in accordance with reg. 3(2) of the amending S.I.) by [The Corporation Tax \(Implementation of the Mergers Directive\) Regulations 2007 \(S.I. 2007/3186\)](#), reg. 1(2), **Sch. 2 para. 3** (with S.I. 2008/1579, reg. 4(1))
- F5** S. 24(1A)-(1C) inserted (with effect in accordance with art. 4(6) of the amending S.I.) by [The Enactment of Extra-Statutory Concessions Order 2009 \(S.I. 2009/730\)](#), arts. 1(1), **4(2)**
- F6** S. 24(2) substituted (with effect in accordance with Sch. 39 para. 4(2) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), **Sch. 39 para. 4(1)**
- F7** Words in s. 24(2) substituted (with effect in accordance with art. 4(6) of the amending S.I.) by [The Enactment of Extra-Statutory Concessions Order 2009 \(S.I. 2009/730\)](#), arts. 1(1), **4(3)**
- F8** Words in s. 24(3) substituted (with effect in accordance with art. 4(6) of the amending S.I.) by [The Enactment of Extra-Statutory Concessions Order 2009 \(S.I. 2009/730\)](#), arts. 1(1), **4(4)(a)**
- F9** Words in s. 24(3) substituted (with effect in accordance with art. 4(6) of the amending S.I.) by [The Enactment of Extra-Statutory Concessions Order 2009 \(S.I. 2009/730\)](#), arts. 1(1), **4(4)(b)**
- F10** S. 24(3A)-(3F) inserted (5.7.2019) by [The Capital Allowances \(Structures and Buildings Allowances\) Regulations 2019 \(S.I. 2019/1087\)](#), regs. 1, **4(2)**
- F11** S. 24(4) inserted (with effect in accordance with art. 4(6) of the amending S.I.) by [The Enactment of Extra-Statutory Concessions Order 2009 \(S.I. 2009/730\)](#), arts. 1(1), **4(5)**

Modifications etc. (not altering text)

- C10** S. 24 excluded by [Finance Act 1996 \(c. 8\)](#), Sch. 9 para. 12B(5) (as substituted (with effect in accordance with reg. 3(2) of the amending S.I.) by [The Corporation Tax \(Implementation of the](#)

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- Mergers Directive) Regulations 2007 (S.I. 2007/3186), reg. 1(2), **Sch. 2 para. 8** (with S.I. 2008/1579, reg. 4(1))
- C11** S. 24 excluded by Finance Act 1996 (c. 8), Sch. 9 para. 12D(5) (as inserted (with effect in accordance with reg. 3(1) of the amending S.I.) by [The Corporation Tax \(Implementation of the Mergers Directive\) Regulations 2007 \(S.I. 2007/3186\)](#), reg. 1(2), **Sch. 1 para. 16** (with S.I. 2008/1579, reg. 4(1)))
- C12** S. 24 excluded by Finance Act 2002 (c. 23), Sch. 26 para. 30D(5) (as inserted (with effect in accordance with reg. 3(1) of the amending S.I.) by [The Corporation Tax \(Implementation of the Mergers Directive\) Regulations 2007 \(S.I. 2007/3186\)](#), reg. 1(2), **Sch. 1 para. 19** (with S.I. 2008/1579, reg. 4(1)))
- C13** S. 24 excluded by Finance Act 2002 (c. 23), Sch. 26 para. 85(1D) (as inserted (with effect in accordance with reg. 3(1) of the amending S.I.) by [The Corporation Tax \(Implementation of the Mergers Directive\) Regulations 2007 \(S.I. 2007/3186\)](#), reg. 1(2), **Sch. 1 para. 21(2)** (with S.I. 2008/1579, reg. 4(1)))
- C14** S. 24 excluded by Finance Act 2002 (c. 23), Sch. 26 para. 30B(5) (as substituted (with effect in accordance with reg. 3(2) of the amending S.I.) by [The Corporation Tax \(Implementation of the Mergers Directive\) Regulations 2007 \(S.I. 2007/3186\)](#), reg. 1(2), **Sch. 2 para. 10** (with S.I. 2008/1579, reg. 4(1)))
- C15** S. 24 excluded by Finance Act 2002 (c. 23), Sch. 29 para. 85A(6) (as substituted (with effect in accordance with reg. 3(2) of the amending S.I.) by [The Corporation Tax \(Implementation of the Mergers Directive\) Regulations 2007 \(S.I. 2007/3186\)](#), reg. 1(2), **Sch. 2 para. 11** (with S.I. 2008/1579, reg. 4(1)))

[^{F12}24A Structures and buildings contributions allowances: destruction of asset

- (1) This section applies if—
- (a) there is a deemed disposal of an asset by a person (“P”) under section 24(1),
 - (b) the asset is an interest in a building or structure which is “an interest in UK land” (as defined in section 1C) or an equivalent interest in land outside the United Kingdom,
 - (c) a contribution allowance under Part 2A of CAA 2001 (see section 538A of that Act) has been made to another person (“C”) by reference to C’s contribution to expenditure in relation to the building or structure, and
 - (d) C does not have an interest in the building or structure which is “an interest in UK land” for the purposes of section 1C.
- (2) C may make a claim for this Act to have effect as if an allowable loss equal to the unclaimed allowance amount had accrued to C on the deemed disposal of the asset by P.
- (3) For the purposes of this section, the “unclaimed allowance amount” in relation to a contribution allowance under Part 2A of CAA 2001, is the amount of the difference between—
- (a) the qualifying contribution amount, and
 - (b) the amount of the contribution allowance to which an entitlement arose (or would have arisen if the conditions in section 270AA(2) of that Act had been met at all times since an entitlement to the contribution allowance first arose) before the deemed disposal under section 24(1).
- (4) For the purposes of subsection (3), the “qualifying contribution amount” is the amount of C’s contribution to expenditure in respect of which the contribution allowance is available (see sections 270AA and 538A of that Act), if and to the extent that the

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expenditure is not allowable under section 38 as a deduction in computing the gain accruing to P on the deemed disposal.

- (5) A claim under this section must—
 - (a) include information identifying the building or structure by reference to which the contribution allowance was made, and
 - (b) specify the unclaimed allowance amount.]

Textual Amendments

F12 S. 24A inserted (5.7.2019) by [The Capital Allowances \(Structures and Buildings Allowances\) Regulations 2019 \(S.I. 2019/1087\)](#), regs. 1, **4(3)**

25 Non-residents: deemed disposals.

- (1) Where an asset ceases by virtue of becoming situated outside the United Kingdom to be a chargeable asset in relation to a person, he shall be deemed for all purposes of this Act—
 - (a) to have disposed of the asset immediately before the time when it became situated outside the United Kingdom, and
 - (b) immediately to have reacquired it, at its market value at that time.
- (2) Subsection (1) above does not apply—
 - (a) where the asset becomes situated outside the United Kingdom contemporaneously with the person there mentioned ceasing to carry on a trade in the United Kingdom through a branch or agency, or
 - (b) where the asset is an exploration or exploitation asset.
- (3) Where an asset ceases to be a chargeable asset in relation to a person by virtue of his ceasing to carry on a trade in the United Kingdom through a branch or agency, he shall be deemed for all purposes of this Act—
 - (a) to have disposed of the asset immediately before the time when he ceased to carry on the trade in the United Kingdom through a branch or agency, and
 - (b) immediately to have reacquired it, at its market value at that time.

[^{F13}(3A) Subsection (3) above shall not apply if—

- (a) the person ceasing to carry on the trade is a company, and
- [^{F14}(b) on ceasing to carry on the trade the asset is disposed of in circumstances in which section 139 or 171 applies.]]

^{F15}(4)

(5) Subsection (3) above does not apply to an asset which is a chargeable asset in relation to the person there mentioned at any time after he ceases to carry on the trade in the United Kingdom through a branch or agency and before the end of the chargeable period in which he does so.

(6) In this section—

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“exploration or exploitation asset” means an asset used in connection with exploration or exploitation activities carried on in the United Kingdom or a designated area, and

“designated area” and “exploration or exploitation activities” have the same meanings as in section 276.

- (7) For the purposes of this section an asset is at any time a chargeable asset in relation to a person if, were it to be disposed of at that time, any chargeable gains accruing to him on ^[F16]the disposal would be chargeable to capital gains tax under section 1A(3) (a) or to corporation tax under section 2B(3).]
- (8) This section shall apply as if references to a trade included references to a profession or vocation.

Textual Amendments

- F13** S. 25(3A) inserted (with effect in accordance with Sch. 29 para. 6(4) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 6\(2\)](#) (with [Sch. 29 para. 46\(5\)](#))
- F14** S. 25(3A)(b) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 25\(2\)](#)
- F15** S. 25(4) repealed (with effect in accordance with Sch. 29 para. 6(5), Sch. 40 Pt. 2(12) Note 3 of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 29 para. 6\(3\)](#), [Sch. 40 Pt. II\(12\)](#) (with [Sch. 29 para. 46\(5\)](#))
- F16** Words in s. 25(7) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 25\(3\)](#)

Modifications etc. (not altering text)

- C16** S. 25(2)(3)(5) modified (with effect in accordance with s. 153(4) of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [s. 153\(2\)\(b\)](#)

^[F17]~~25ZA~~ Postponing gain or loss under section 25(3): interests in UK land

- (1) This section applies if an interest in UK land is deemed to have been disposed of under section 25(3) by a person at any time.
- (2) The gain or loss that, but for this subsection, would have accrued to the person at that time is not to accrue at that time.
- (3) But, on a subsequent disposal by the person of the whole or part of the interest in UK land, the whole or a corresponding part of the gain or loss is treated as accruing on the subsequent disposal.
- (4) This gain or loss is in addition to any gain or loss that actually accrues on the subsequent disposal.
- (5) A disposal to which section 171 (transfers within a group) applies does not count as a subsequent disposal for the purposes of this section.
- (6) A person may elect for a disposal deemed to have been made under section 25(3) to be excluded from the operation of this section.
- (7) An election made by a company must be made within 2 years after the day on which the deemed disposal occurs.

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(8) In this section “interest in UK land” has the meaning given by section 1C.]

Textual Amendments

F17 S. 25ZA substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 26](#)

[^{F18}25A Long funding leases of plant or machinery: deemed disposals

(1) This section applies where plant or machinery is used for the purpose of leasing under a long funding lease.

(2) The lessor shall be deemed for all purposes of this Act—

- (a) to have disposed of the plant or machinery at the commencement of the term of the lease at [^{F19}the relevant disposal value], and
- (b) to have immediately reacquired it at the same value.

(3) The lessor shall also be deemed for all purposes of this Act—

- (a) to have disposed of the plant or machinery on the termination of the lease for a consideration equal to the termination amount, and
- (b) to have immediately reacquired it for the same consideration.

[^{F20}(4) “Relevant disposal value” means—

- (a) in relation to a long funding finance lease, the disposal value described in item 5A of the table in section 61(2) of the Capital Allowances Act (disposal values), and
- (b) in relation to a long funding operating lease, the disposal value described in item 5B of that table.]

(5) For the purposes of this section, the following expressions have the meaning given in Chapter 6A of Part 2 of the Capital Allowances Act (interpretation of provisions about long funding leases)—

“commencement”, in relation to the term of a lease,
“lessor”,
“long funding lease”,
“long funding finance lease”,
“long funding operating lease”,
^{F21}
“the term”, in relation to a lease,
“termination”,
“termination amount”.]

Textual Amendments

F18 S. 25A inserted (with effect in accordance with Sch. 9 para. 4(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 9 para. 4\(1\)](#)

F19 Words in s. 25A(2)(a) substituted (with effect in accordance with Sch. 32 para. 5(2) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 32 para. 3\(2\)](#)

F20 S. 25A(4) substituted for s. 25A(4)-(4D) (with effect in accordance with Sch. 32 para. 5(2) of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 32 para. 3\(3\)](#)

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F21 Words in s. 25A(5) omitted (with effect in accordance with Sch. 32 para. 5(2) of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 32 para. 3\(4\)](#)

26 Mortgages and charges not to be treated as disposals.

- (1) The conveyance or transfer by way of security of an asset or of an interest or right in or over it, or transfer of a subsisting interest or right by way of security in or over an asset (including a retransfer on redemption of the security), shall not be treated for the purposes of this Act as involving any acquisition or disposal of the asset.
- (2) Where a person entitled to an asset by way of security or to the benefit of a charge or incumbrance on an asset deals with the asset for the purpose of enforcing or giving effect to the security, charge or incumbrance, his dealings with it shall be treated for the purposes of this Act as if they were done through him as nominee by the person entitled to it subject to the security, charge or incumbrance; and this subsection shall apply to the dealings of any person appointed to enforce or give effect to the security, charge or incumbrance as receiver and manager or judicial factor as it applies to the dealings of the person entitled as aforesaid.
- (3) An asset shall be treated as having been acquired free of any interest or right by way of security subsisting at the time of any acquisition of it, and as being disposed of free of any such interest or right subsisting at the time of the disposal; and where an asset is acquired subject to any such interest or right the full amount of the liability thereby assumed by the person acquiring the asset shall form part of the consideration for the acquisition and disposal in addition to any other consideration.

[^{F22}26A Transfer of dormant bank or building society account

- (1) This section applies where the balance of a dormant account held by a person with a bank or building society is transferred—
 - (a) to an authorised reclaim fund, with the result that section 1 of the Dormant Bank and Building Society Accounts Act 2008 applies in relation to the account, or
 - (b) to an authorised reclaim fund and one or more charities, with the result that section 2 of that Act applies in relation to the account.
- (2) For the purposes of this Act—
 - (a) the transfer is not to be treated as involving any acquisition or disposal of an asset, and
 - (b) the person's rights under Part 1 of that Act are to be treated as the same asset as the original rights, acquired as the original rights were acquired and having the same characteristics as those rights.
- (3) “The original rights” are the person's rights against the bank or building society immediately before the transfer.
- (4) Terms used in this section and in the Dormant Bank and Building Society Accounts Act 2008 have the same meaning in this section as in that Act.]

Textual Amendments

F22 S. 26A inserted (1.2.2011) by [Finance Act 2008 \(c. 9\)](#), [s. 39\(7\)\(8\)](#); [S.I. 2011/23](#), [art. 2](#)

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27 Disposals in cases of hire-purchase and similar transactions.

A hire-purchase or other transaction under which the use and enjoyment of an asset is obtained by a person for a period at the end of which the property in the asset will or may pass to that person shall be treated for the purposes of this Act, both in relation to that person and in relation to the person from whom he obtains the use and enjoyment of the asset, as if it amounted to an entire disposal of the asset to that person at the beginning of the period for which he obtains the use and enjoyment of the asset, but subject to such adjustments of tax, whether by way of repayment or discharge of tax or otherwise, as may be required where the period for which that person has the use and enjoyment of the asset terminates without the property in the asset passing to him.

28 Time of disposal and acquisition where asset disposed of under contract.

- (1) Subject to section 22(2), and subsection (2) below, where an asset is disposed of and acquired under a contract the time at which the disposal and acquisition is made is the time the contract is made (and not, if different, the time at which the asset is conveyed or transferred).
- (2) If the contract is conditional (and in particular if it is conditional on the exercise of an option) the time at which the disposal and acquisition is made is the time when the condition is satisfied.

Modifications etc. (not altering text)

- C17** S. 28 extended (19.9.1994) by [Coal industry Act 1994 \(c. 21\)](#), s. 68(4), [Sch. 4 para. 2\(2\)](#) (with [Sch. 4 para. 14](#)); [S.I. 1994/2189](#), art. 2, Sch.
- C18** S. 28 applied (19.9.1994) by [Coal industry Act 1994 \(c. 21\)](#), s. 68(4), [Sch. 4 para. 24\(9\)](#) (with [Sch. 4 para. 14](#)); [S.I. 1994/2189](#), art. 2, Sch.
- C19** S. 28(1) excluded (with application in accordance with Sch. 3 para. 3(1) of the amending Act) by [Finance Act 2020 \(c. 14\)](#), [Sch. 3 para. 3\(2\)](#)

Value shifting

29 General provisions.

- (1) Without prejudice to the generality of the provisions of this Act as to the transactions which are disposals of assets, any transaction which under the following subsections is to be treated as a disposal of an asset—
 - (a) shall be so treated (with a corresponding acquisition of an interest in the asset) notwithstanding that there is no consideration, and
 - (b) so far as, on the assumption that the parties to the transaction were at arm's length, the party making the disposal could have obtained consideration, or additional consideration, for the disposal, shall be treated as not being at arm's length and the consideration so obtainable, or the additional consideration so obtainable added to the consideration actually passing, shall be treated as the market value of what is acquired.
- (2) If a person having control of a company exercises his control so that value passes out of shares in the company owned by him or a person with whom he is connected, or out of rights over the company exercisable by him or by a person with whom he is connected, and passes into other shares in or rights over the company, that shall be a

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disposal of the shares or rights out of which the value passes by the person by whom they were owned or exercisable.

- (3) A loss on the disposal of an asset shall not be an allowable loss to the extent to which it is attributable to value having passed out of other assets, being shares in or rights over a company which by virtue of the passing of value are treated as disposed of under subsection (2) above.
- (4) If, after a transaction which results in the owner of land or of any other description of property becoming the lessee of the property there is any adjustment of the rights and liabilities under the lease, whether or not involving the grant of a new lease, which is as a whole favourable to the lessor, that shall be a disposal by the lessee of an interest in the property.
- (5) If an asset is subject to any description of right or restriction the extinction or abrogation, in whole or in part, of the right or restriction by the person entitled to enforce it shall be a disposal by him of the right or restriction.

30 Tax-free benefits.

- (1) This section has effect as respects the disposal of an asset if a scheme has been effected or arrangements have been made (whether before or after the disposal) whereby—
 - (a) the value of the asset ^{F23}... has been materially reduced, and
 - (b) a tax-free benefit has been or will be conferred—
 - (i) on the person making the disposal or a person with whom he is connected, or
 - (ii) subject to subsection (4) below, on any other person.
- ^{F24}(2) But, for the purposes of corporation tax, this section does not have effect if the disposal of the asset is a disposal by a company of shares in, or securities of, another company (as to which see section 31).]
- (3) For the purposes of subsection (1)(b) above a benefit is conferred on a person if he becomes entitled to any money or money's worth or the value of any asset in which he has an interest is increased or he is wholly or partly relieved from any liability to which he is subject; and a benefit is tax-free unless it is required, on the occasion on which it is conferred on the person in question, to be brought into account in computing his income, profits or gains for the purposes of income tax, capital gains tax or corporation tax.
- (4) This section shall not apply by virtue of subsection (1)(b)(ii) above ^{F25}in a case where] avoidance of tax was not the main purpose or one of the main purposes of the scheme or arrangements in question.
- (5) Where this section has effect in relation to any disposal, any allowable loss or chargeable gain accruing on the disposal shall be calculated as if the consideration for the disposal were increased by such amount as ^{F26}is] just and reasonable having regard to the scheme or arrangements and the tax-free benefit in question.
- (6) Where—
 - (a) by virtue of subsection (5) above the consideration for the disposal of an asset has been treated as increased, and
 - (b) the benefit taken into account under subsection (1)(b) above was an increase in the value of another asset,

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any allowable loss or chargeable gain accruing on the first disposal of the other asset after the increase in its value shall be calculated as if the consideration for that disposal were reduced by such amount as ^{F27}is] just and reasonable having regard to the scheme or arrangements in question and the increase made in relation to the disposal mentioned in paragraph (a) above.

(7) References in this section to a disposal do not include references to any disposal falling within section 58(1), 62(4) or 171(1).

^{F28}(8)

(9) In relation to a case in which the disposal of an asset precedes its acquisition the references in subsections (1)(a) and (2) above to a reduction shall be read as including a reference to an increase.

Textual Amendments

- F23** Words in s. 30(1)(a) omitted (with effect in accordance with Sch. 9 para. 6 of the amending Act) by virtue of [Finance Act 2011 \(c. 11\)](#), [Sch. 9 para. 1\(a\)](#)
- F24** S. 30(2) substituted (with effect in accordance with Sch. 9 para. 6 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 9 para. 1\(b\)](#)
- F25** Words in s. 30(4) substituted (with effect in accordance with s. 134(2) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 20 para. 46](#)
- F26** Word in s. 30(5) substituted (with effect in accordance with s. 134(2) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 20 para. 47\(a\)](#)
- F27** Word in s. 30(6) substituted (with effect in accordance with s. 134(2) of the amending Act) by [Finance Act 1996 \(c. 8\)](#), [Sch. 20 para. 47\(a\)](#)
- F28** S. 30(8) omitted (with effect in accordance with Sch. 9 para. 6 of the amending Act) by virtue of [Finance Act 2011 \(c. 11\)](#), [Sch. 9 para. 1\(c\)](#)

Modifications etc. (not altering text)

- C20** S. 30 excluded (retrospective to 5.11.2993) by [Finance Act 1994 \(c. 9\)](#), s. 252(2), [Sch. 24 para. 4\(1\)](#)
- C21** S. 30 excluded (19.9.1994) by [Coal industry Act 1994 \(c. 21\)](#), s. 68(4), [Sch. 4 para. 4](#) (with [Sch. 4 para. 14](#)); S.I. 1994/2189, art. 2, Sch.
- C22** S. 30 modified (24.7.1996) by [Broadcasting Act 1996 \(c. 55\)](#), s. 149(1), [Sch. 7 para. 9\(1\)](#)
- C23** S. 30 applied (with modifications) (with effect in accordance with s. 63(4) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 15 para. 71\(3\)](#)
- C24** S. 30 excluded (6.11.2000) by [Postal Services Act 2000 \(c. 26\)](#), s. 130(1), [Sch. 4 para. 6](#); S.I. 2000/2957, art. 2(1), Sch. 1
- C25** S. 30 excluded (1.2.2001) by [Transport Act 2000 \(c. 38\)](#), s. 275(1), [Sch. 7 para. 5](#); S.I. 2001/57, art. 3(1)
- C26** S. 30 excluded (15.1.2001) by [Transport Act 2000 \(c. 38\)](#), s. 275(1), [Sch. 26 para. 36](#); S.I. 2000/3376, art. 2
- C27** S. 30 modified (E.W.S.) (8.6.2005 for specified purposes, 24.7.2005 in so far as not already in force) by [Railways Act 2005 \(c. 14\)](#), s. 60(2), [Sch. 10 para. 31](#); S.I. 2005/1444, art. 2(1), Sch. 1; S.I. 2005/1909, art. 2, Sch.
- C28** S. 30(5) excluded (retrospective to 11.1.1994) by [Finance Act 1994 \(c. 9\)](#), s. 252(3), [Sch. 24 para. 4\(2\)\(3\)](#)
- C29** S. 30(5) excluded (24.7.1996) by [Broadcasting Act 1996 \(c. 55\)](#), s. 149(1), [Sch. 7 para. 9\(3\)](#)

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[F²⁹31 Disposal of shares or securities by a company

- (1) For the purposes of corporation tax, subsection (2) has effect as respects the disposal by a company (“the disposing company”) of shares in, or securities of, another company if—
 - (a) arrangements have been made whereby the value of those shares or securities, or any relevant asset, is materially reduced,
 - (b) the main purpose, or one of the main purposes, of the arrangements is to obtain a tax advantage, and
 - (c) the arrangements do not consist solely of the making of an exempt distribution.
- (2) Any allowable loss or chargeable gain accruing on the disposal is to be calculated as if the consideration for the disposal were increased by such amount as is just and reasonable having regard to—
 - (a) the arrangements, and
 - (b) any charge to, or relief from, corporation tax that, in the absence of this section, would arise in consequence of the disposal or the arrangements.
- (3) For the purposes of subsection (1)—
 - (a) an asset is a relevant asset if, at the time of the disposal, it is owned by a company which is a member of the same group as the disposing company, and
 - (b) it does not matter whether the tax advantage is obtained for the disposing company or any other person.
- (4) In relation to a case in which the disposal of the shares or securities precedes their acquisition, the reference in subsection (1)(a) to a reduction is to be read as including a reference to an increase.
- (5) Where, but for arrangements to which subsection (6) applies, a transaction would, by virtue of section 29(2), be treated as a disposal of shares by a company, that transaction is to be treated as if it were, by virtue of section 29(2), a disposal of those shares.
- (6) The arrangements to which this subsection applies are arrangements—
 - (a) whereby the value of the shares or securities is materially reduced, and
 - (b) the main purpose, or one of the main purposes, of which is to obtain a tax advantage (whether for the company or any other person).
- (7) In this section—

“arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable);

“exempt distribution” means a distribution which—

 - (a) for the purposes of section 931D of CTA 2009 (exemption from charge to tax: distributions received by companies that are not small), falls within an exempt class by virtue of section 931H of that Act (dividends derived from transactions not designed to reduce tax), or
 - (b) would be within paragraph (a) but for the recipient being a small company (within the meaning of section 931S of that Act) in the accounting period of the recipient in which the distribution was received;

“group” is to be construed in accordance with section 170;

“securities” has the same meaning as in section 132;

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“tax advantage” means the avoidance of a liability to corporation tax in respect of chargeable gains.]

Textual Amendments

F29 S. 31 substituted for ss. 31-34 (with effect in accordance with Sch. 9 para. 6 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 9 para. 2**

F29 31A Asset-holding company leaving the group.

.....

Textual Amendments

F29 S. 31 substituted for ss. 31-34 (with effect in accordance with Sch. 9 para. 6 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 9 para. 2**

F29 32 Disposals within a group followed by a disposal of shares.

.....

Textual Amendments

F29 S. 31 substituted for ss. 31-34 (with effect in accordance with Sch. 9 para. 6 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 9 para. 2**

F29 33 Provisions supplementary to sections 30 to 32.

.....

Textual Amendments

F29 S. 31 substituted for ss. 31-34 (with effect in accordance with Sch. 9 para. 6 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 9 para. 2**

F29 33A Modification of sections 30 to 33 in relation to chargeable intangible asset

.....

Textual Amendments

F29 S. 31 substituted for ss. 31-34 (with effect in accordance with Sch. 9 para. 6 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 9 para. 2**

F29 34 Transactions treated as a reorganisation of share capital.

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Textual Amendments

- F29** S. 31 substituted for ss. 31-34 (with effect in accordance with Sch. 9 para. 6 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 9 para. 2](#)

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