
*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 2000, Part VIII. (See end of Document for details)*

SCHEDULES

SCHEDULE 22

TONNAGE TAX

PART VIII

CHARGEABLE GAINS AND ALLOWABLE LOSSES ON TONNAGE TAX ASSETS

Chargeable gains: tonnage tax assets

- 64 (1) In this Part of this Schedule a “tonnage tax asset” means an asset that is used wholly and exclusively for the purposes of the tonnage tax activities of a tonnage tax company.
- (2) Where for one or more continuous periods of at least a year part of an asset has been used wholly and exclusively for the purposes of the tonnage tax activities of a tonnage tax company and part has not, this Part of this Schedule shall apply as if the part so used were a separate asset.
- (3) Where sub-paragraph (2) applies, any necessary apportionment of the gain or loss on the whole asset shall be made on a just and reasonable basis.

Chargeable gains: disposal of tonnage tax asset

- 65 (1) When an asset is disposed of that is or has been a tonnage tax asset—
- (a) any gain or loss on the disposal is a chargeable gain or allowable loss only to the extent (if any) to which it is referable to periods during which the asset was not a tonnage tax asset, and
- (b) any such chargeable gain or allowable loss on a disposal by a tonnage tax company is treated as arising otherwise than in the course of the company’s tonnage tax trade.
- (2) For the purposes of sub-paragraph (1) the amount of the gain or loss on a disposal means what would be the amount of the chargeable gain or allowable loss apart from this paragraph.
- (3) The proportion of that gain or loss referable to periods during which the asset was not a tonnage tax asset is given by:

$$\frac{P - PTTA}{P}$$

where:

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P is the total length of the period since the asset was created or, if later, the last third-party disposal, and

PTTA is the length of the period (or the aggregate length of the periods) since—

- (a) the asset was created, or
- (b) if later, the last third-party disposal,

during which the asset was a tonnage tax asset.

- (4) In sub-paragraph (3) a “third-party disposal” means a disposal (or deemed disposal) that is not treated as one on which neither a gain nor a loss accrues to the person making the disposal.

Chargeable gains: losses brought forward

- 66 A tonnage tax election does not affect the deduction under section 8(1) of the ^{M1}Taxation of Chargeable Gains Act 1992 (corporation tax: computation of chargeable gains) of allowable losses that accrued to a company before it became a tonnage tax company.

Marginal Citations

M1 1992 c. 12.

Chargeable gains: roll-over relief for business assets

- 67 (1) Sections 152 and 153 of the ^{M2}Taxation of Chargeable Gains Act 1992 (roll-over relief for business assets) do not apply if or to the extent that the new assets are tonnage tax assets.
- (2) Where relief under either of those sections is, or has been, claimed in respect of the disposal of an asset (“Asset No.1”) and the acquisition of another asset (“Asset No.2”) that subsequently becomes a tonnage tax asset, the claimant is not (or, as the case may be, shall cease to be) entitled under that section to—
- (a) a reduction of the consideration for the disposal of Asset No.1, and
 - (b) a corresponding reduction of the expenditure for the acquisition of Asset No.2,
- but so much of the chargeable gain arising on the disposal of Asset No.1 as is equal to the amount of the reduction that would have been made is treated as not accruing until Asset No.2 is disposed of.
- (3) Any chargeable gain accruing as a result of the rules in sub-paragraph (1) or (2) is treated as arising otherwise than in the course of the company’s tonnage tax trade.

Modifications etc. (not altering text)

C1 Sch. 22 para. 67(2) modified (24.7.2002 with application as mentioned in s. 43(4) of the amending Act) by 1992 c. 12, s. 179(B), Sch. 7AB para. 10 (as inserted by 2002 c. 23, s. 43(1)(2), Sch. 7)

Marginal Citations

M2 1992 c. 12.

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