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## SCHEDULES.

### SCHEDULE 13

#### CAPITAL GAINS

#### PART I

#### CAPITAL GAINS TAX AND CORPORATION TAX

##### *Losses of husband and wife*

- 1 (1) In section 20(5) of the Finance Act 1965 in the passage " any allowable loss accruing in that year of assessment " (which restricts the losses of either husband or wife which may be set off against gains accruing to the other to losses accruing in the current year) the words " accruing in that year of assessment " shall cease to have effect, so as to remove that restriction.
- (2) This paragraph shall have effect for the years 1965-66 and 1966-67 as well as later years of assessment, and, in relation to losses accruing in the year 1965-66, and in the year 1966-67, 31st December 1967 shall be substituted for 6th July (that is 6th July 1966 and 6th July 1967) in the proviso to the said section 20(5) (time for applying for exclusion of set off of losses under the said subsection (5)).

##### *Replacement of business assets*

- 2 (1) Where section 33(1)(a) of the Finance Act 1965 applies to exclude a gain which, in consequence of Part II of Schedule 6 to that Act, is not all chargeable gain, the amount of the reduction to be made under paragraph (b) of the said section 33(1) (corresponding reduction in allowable expenditure in respect of new asset) shall be the amount of the chargeable gain, and not the whole amount of the gain ; and in subsection (2)(b) of the said section 33 (corresponding reduction in allowable expenditure in respect of the new asset where part only of the consideration in respect of the old asset has been applied as such expenditure) for the reference to the amount by which the gain is reduced under paragraph (a) of that subsection there shall be substituted a reference to the amount by which the chargeable gain is proportionately reduced under the said paragraph (a).
- (2) This paragraph shall be construed as one with the said section 33.
- (3) This paragraph shall have effect for all years of assessment and accounting periods beginning before or after the passing of this Act.

##### *Compensation and insurance money*

- 3 (1) Where paragraph 13(3)(a) of Schedule 6 to the Finance Act 1965 applies to exclude a gain which, in consequence of Part II of that Schedule, is not all chargeable gain, the amount of the reduction to be made under paragraph (b) of the said paragraph 13(3)

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(corresponding reduction in allowable expenditure in respect of new asset) shall be the amount of the chargeable gain and not the whole amount of the gain; and in sub-paragraph (4)(b) of the said paragraph 13 (corresponding reduction in allowable expenditure in respect of the new asset where part only of the consideration in respect of the old asset has been applied as such expenditure) for the reference to the amount by which the gain is reduced under paragraph (a) of that sub-paragraph there shall be substituted a reference to the amount by which the chargeable gain is proportionately reduced under the said paragraph (a).

- (2) This paragraph shall have effect for all years of assessment and accounting periods beginning before or after the passing of this Act.

*Premiums on conversion of securities*

- 4 (1) This paragraph applies where, on a conversion of securities, a person receives, or becomes entitled to receive, any sum of money which is by way of consideration (in addition to his new holding) for the disposal of the converted securities.
- (2) If the inspector is satisfied that the sum is small, as compared with the value of the converted securities, and so directs—
- (a) receipt of the sum shall not be treated for the purposes of Part III of the Finance Act 1965 as a disposal of part of the converted securities, and
  - (b) the sum shall be deducted from any expenditure allowable under the said Part III as a deduction in computing a gain or loss on the disposal of the new holding by the person receiving or becoming entitled to receive the said sum, and paragraph (a) above shall have effect notwithstanding paragraph 4(4) of Schedule 7 to the Finance Act 1965 as applied to conversions of securities by paragraph 5 of that Schedule.
- (3) A person who is dissatisfied with the refusal of the inspector to give a direction under this paragraph may appeal to the Commissioners having jurisdiction on an appeal against an assessment to tax in respect of a gain accruing to him on a disposal of the securities.
- (4) Paragraph 9 of Schedule 10 to the Finance Act 1966 (which deals with cases where no expenditure is attributable to the asset or that expenditure is small) shall apply as if this paragraph were mentioned in the said paragraph 9(1).
- (5) In this paragraph " conversion of securities " and " security " shall be construed in accordance with paragraph 5(3) of Schedule 7 to the Finance Act 1965.
- (6) This paragraph has effect as respects sums becoming payable on or after 6th April 1967.

*Shares in close company transferring assets at an undervalue*

- 5 (1) Paragraph 18 of Schedule 7 to the Finance Act 1965 shall not apply where the transfer of the asset is a disposal to which paragraph 2(1) of Schedule 13 to that Act (transfers within a group of companies) applies.
- (2) This paragraph shall have effect for all years of assessment and accounting periods beginning before or after the passing of this Act

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### *Part disposals*

- 6 It is hereby declared that paragraph 7 of Schedule 6 to the Finance Act 1965, and all other provisions for apportioning on a part disposal expenditure which is deductible in computing a gain, are to be operated before the operation of, and without regard to—
- (a) paragraph 20(1) of Schedule 7 to the Finance Act 1965 (husband and wife),
  - (b) paragraph 2(1) of Schedule 13 to that Act (transfers within group of companies),
  - (c) section 33 of that Act (replacement of business assets), but without prejudice to the provisions of subsection (11) of that section,
  - (d) any other enactment making an adjustment to secure that neither a gain nor a loss occurs on a disposal.

### *Revival of transitory provisions in s.82 of Finance Act 1965*

- 7 The repeal of section 82 of the Finance Act 1965 effected as respects gains and losses accruing on or after 6th April 1966 by section 53(7) of, and Part VI of Schedule 13 to, the Finance Act 1966 shall be deemed never to have extended to subsection (2) or subsection (3) of the said section 82 (exclusion of companies and local authorities from Case VII of Schedule D, and transitional application for corporation tax purposes of Case VII provisions for computing gains and losses).

### *Exclusion of premiums taxed under Case VIII of Schedule D*

- 8 It is hereby declared that in paragraph 5(1) of Schedule 8 to the Finance Act 1965 (under which the taxed amount of any premium for a lease is to be excluded in the computation under paragraph 7 of Schedule 6 to that Act) the reference to that computation is a reference to the entire computation of the gain or loss, and accordingly the taxed amount is to be excluded from the consideration for the disposal, in addition to being excluded from the numerator of the fraction to be employed in apportioning deductible expenditure.

### *Expenditure by tenant under terms of lease*

- 9 (1) Paragraph 7 of Schedule 8 to the Finance Act 1965 (landlord's expenditure deductible in computing his gain on disposal of lease to include tenant's expenditure) shall apply on the disposal by way of grant of the lease and on any subsequent disposal of the asset out of which the lease is granted, and accordingly in that paragraph the words " on a disposal of the lease " shall cease to have effect.
- (2) This paragraph shall have effect as respects all years of assessment and accounting periods ending before or after the passing of this Act.

### *Chargeable gains accruing to non-resident companies*

- 10 (1) If any tax payable by any person by virtue of section 41(2) of the Finance Act 1965 (under which shareholders in a non-resident company may be taxed in respect of a chargeable gain accruing to the company) is paid by the company to which the chargeable gain accrues, or in a case under subsection (9) of the said section 41 (chargeable gain traced through a non-resident company holding shares in which a chargeable gain accrues) is paid by any such other company, the amount so paid shall

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not for the purposes of income tax, capital gains tax or corporation tax be regarded as a payment to the person by whom the tax was originally payable.

(2) This paragraph shall have effect as from 6th April 1965.