

*Changes to legislation:* There are currently no known outstanding effects for the Finance Act 1974, Cross Heading: Current use value—leases and reversions. (See end of Document for details)

## SCHEDULES

### [<sup>F1</sup>SCHEDULE 3

#### PROVISIONS SUPPLEMENTARY TO SECTION 38

##### Textual Amendments

- F1** Sch. 3 Repealed by Finance Act 1985 (c. 54, SIF 63:1), s. 98(6) and Sch. 27 Part X in relation to disposals of interests in land taking place on or after 19 March Finance Act 1985 (c. 54, SIF 63:1), but without affecting the construction of 1979 (C) Sch. 5 para. 9(5).

#### PART I

##### DEFINITIONS OF CURRENT USE VALUE, MATERIAL DEVELOPMENT, ETC.

###### *Current use value—leases and reversions*

- 4 (1) *The current use value of an interest in land which is either—*
- (a) *a freehold interest which is subject to a lease or an agreement for a lease; or*
  - (b) *an interest under a lease or agreement for a lease,*
- shall be ascertained without regard to any premium required under the lease or agreement for a lease or any sublease, or otherwise under the terms subject to which the lease or sublease was or is to be granted, but with regard to all other rights under the lease or prospective lease ( and, for the current use value of an interest under a lease subject to a sublease, under the sublease).*
- (2) *If under the preceding sub-paragraph an interest under a lease or agreement for a lease would have a negative value, the current use value of the interest shall be nil.*
- (3) *If a lease is granted out of any interest in land after 17 th December 1973, then, in computing under this Chapter any gain accruing on any disposal of the reversion on the lease made while the lease subsists, the current use value of the reversion at any time after the grant of the lease shall not exceed what would have been at that time the current use value of the interest in the land of the person then owning the reversion if that interest had not been subject to the lease.*
- (4) *In the application of this paragraph to Scotland, “freehold” means the estate or interest of the proprietor of the dominium utile or, in the case of property other than feudal property, of the owner, and “reversion” means the interest of the landlord in property subject to a lease.*
- 5 (1) *In computing under this Chapter any gain accruing to a person on a disposal of a lease which is a wasting asset, the current use value of the lease at the time of its acquisition by the person making the disposal shall be the relevant fraction of what its current use value at that time would be apart from this paragraph.*

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- (2) *For the purposes of the preceding sub-paragraph “the relevant fraction” means the fraction of which the numerator is equal to so much of the expenditure attributable to the lease under [ section 32(1)(a) and (b) of the Capital Gains Tax Act 1979 <sup>F2</sup>] as is not under paragraph 1 of [ Schedule 3 <sup>F2</sup>] to that Act excluded therefrom for the purposes of the computation under [ Chapter II of Part II of that Act <sup>F3</sup>] of the gain accruing on the disposal, and the denominator is equal to the whole of the expenditure which would be so attributable to the lease for those purposes apart from the said paragraph 1.]*

**Textual Amendments**

- F2** Capital Gains Tax Act 1979 (c. 14, SIF 63:1), s. 157(2) and Sch. 7 para. 9 for 1979-80 et seq.  
**F3** Capital Gains Tax Act 1979 (c. 14, SIF 63:1), s. 157(2) and Sch. 7 para. 9 for 1979-80 et seq.

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