



Finance Act 1974

1974 CHAPTER 30

PART III

^{F1} CAPITAL GAINS FROM LAND

CHAPTER I

^{F1} DEVELOPMENT GAINS FROM LAND

[^{F1}38] Certain development gains from land to be taxed as income.

- (1) *This section applies to any disposal of any interest in land situated in the United Kingdom which is made after 17th December 1973.*
- (2) *Where a gain accrues to a person on a disposal of an interest in land to which this section applies, so much (if any) of the gain as by virtue of this Chapter is a development gain shall be treated for all the purposes of the Tax Acts as income arising at the time of the disposal and as constituting profits or gains chargeable to tax under Case VI of Schedule D for the chargeable period in which the disposal is made, and (except for the purpose of computing the development gain, if any, accruing in respect of the disposal) shall not be a chargeable gain ^{F2}.*
- (3) *Where a chargeable gain accrues to a person on a disposal of an interest in land to which this section applies, then, subject to the provisions of this Chapter, the development gain accruing to him in respect of that disposal shall be equal to whichever is the least of the following amounts (computed in accordance with any relevant provisions of this Chapter), that is to say—*
 - (a) *the net proceeds of the disposal reduced by an amount equal to 120 per cent. of the total sum that is by virtue of [^{F3}section 32(1)(a) and (b) of the Capital Gains Tax Act 1979 ^{F3}] allowable as a deduction from the consideration for the disposal in computing the chargeable gain;*
 - (b) *the net proceeds of the disposal reduced by an amount equal to 110 per cent. of the current use value of the interest at the time of the disposal; and*

Changes to legislation: *There are currently no known outstanding effects for the Finance Act 1974, Section 38. (See end of Document for details)*

- (c) *the amount of the chargeable gain reduced by the amount (if any) by which the current use value of the interest at the time of the disposal exceeds the current use value of the interest at the time of its acquisition by the person making the disposal or, if the interest was acquired by him before 6th April 1965, its current use value at that date.*
- (4) *Schedule 3 to this Act shall have effect for interpreting and supplementing this section, which is there referred to as the principal section.*
- (5) *This section shall have effect subject to the transitional provisions in Schedule 4 to this Act^{F4}.*

Textual Amendments

- F1** Ss. 38–47 repealed Finance Act 1985 (c. 54, SIF 63:1), s. 98(6), **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 Capital Gains Tax Act 1979 (c. 14, SIF 63:1) Sch.5 para. 9(5).
- F2** See Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 687(3)(g)—discretionary trusts.
- F3** Capital Gains Tax Act 1979 (c. 14, SIF 63:1), s. 157(2) and Sch. 7 para. 9 for 1979–80 et seq.
- F4** See 1975 (No.2) s. 55(3) as to computation of chargeable gains in respect of agricultural property.

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 1974, Section 38.