



# Capital Gains Tax Act 1979

## 1979 CHAPTER 14

### PART IV

#### SHARES AND SECURITIES

#### CHAPTER I

#### GENERAL

#### *Gilt-edged securities*

#### **67 Exemption for long-term gains**

- (1) A gain which accrues on the disposal by any person of gilt-edged securities shall not be a chargeable gain except where the disposal occurs within 12 months after the acquisition of the securities.
- (2) So much of subsection (1) above as excepts a disposal occurring within 12 months after the acquisition of the securities shall not apply where the person disposing of the securities had acquired them—
  - (a) by devolution on death or as legatee, or
  - (b) if they were settled property, on becoming absolutely entitled thereto as against the trustee.
- (3) Where, in the case of a man and his wife, section 44 above applies in relation to the acquisition of any securities by the one from the other, and the one making the acquisition subsequently disposes of the securities by a disposal to which that section does not apply, he shall be treated for the purposes of the exception in subsection (1) above as if he had acquired the securities when the other did.

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## **68 Identification (general)**

- (1) The following provisions shall apply, for the purpose of identifying gilt-edged securities disposed of by any person with securities of the same kind acquired by him in the same capacity.
- (2) Securities disposed of at an earlier date shall be identified before securities disposed of at a later date, and their identification shall have effect also for determining what securities might be comprised in the later disposal.
- (3) Securities disposed of shall be identified with securities acquired within the twelve months preceding the disposal rather than with securities not so acquired, and with securities so acquired at an earlier date rather than with securities so acquired at a later date.
- (4) This section has effect subject to section 66(1) above, and 69 below.

## **69 Identification: disposal to husband or wife and third person**

- (1) Where, in the case of a man and his wife living with him, one of them—
  - (a) disposes of gilt-edged securities of any kind to the other, and
  - (b) disposes of gilt-edged securities of the same kind to a third person,then, if under the preceding provisions of this Chapter any of the securities disposed of to the husband or wife would be identified with securities acquired within the twelve months preceding the disposal and any of the securities disposed of to the third person with securities not so acquired, the securities disposed of to the third person shall be identified with securities so acquired before any securities disposed of to the husband or wife are so identified.
- (2) If there is more than one disposal to the wife or husband, or to a third party, the provisions of this section shall be applied to securities disposed of at an earlier date before they are applied to securities disposed of at a later date, and the identification of the securities disposed of at the earlier date shall have effect also for determining what securities might be comprised in the later disposal.

## **70 Re-acquisition after sale at a loss**

- (1) Where a loss accrues to a person on the disposal of gilt-edged securities and he re-acquires the same securities within the prescribed period after the disposal that loss shall not be deductible except from a chargeable gain accruing to him on the disposal of the securities re-acquired.
- (2) Where a person disposes of gilt-edged securities and acquires gilt-edged securities of the same kind within the prescribed period after the disposal he shall be treated for the purposes of subsection (1) above as re-acquiring the securities disposed of (or such quantity of them as does not exceed the quantity acquired) but so that—
  - (a) there cannot be in relation to the same disposal more than one re-acquisition of the same security, nor can there be by the same acquisition of a security a re-acquisition in relation to more than one disposal, and
  - (b) if an acquisition could be treated as a re-acquisition of securities disposed of either at an earlier or at a later date it shall be treated as a re-acquisition of the securities disposed of at the earlier date, and

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- (c) if securities disposed of by the same disposal could be treated as re-acquired at an earlier or at a later date they shall be treated as re-acquired at the earlier date.
- (3) Where a person who holds gilt-edged securities (the “original holding”) acquires securities of the same kind (an “additional holding”) and within the prescribed period after the acquisition disposes of securities of that kind, he shall be treated for the purposes of subsection (1) above as if he had within the prescribed period after the disposal re-acquired the securities disposed of or such quantity of them as does not exceed the original holding or the additional holding, whichever is the less.
- Paragraphs (a), (b) and (c) of subsection (2) above shall have effect in relation to the acquisition of the additional holding as if it were a re-acquisition of the securities disposed of.
- (4) In the case of a man and his wife living with him—
- (a) the preceding provisions of this section shall, with the necessary modifications, apply also where a loss on the disposal accrues to one of them and the acquisition after the disposal is made by the other,
- (b) paragraph (a) above shall have effect in relation to subsection (3) above as if the acquisition of the additional holding were an acquisition after the disposal.
- (5) In the case of companies in the same group subsections (1), (2) and (3) above shall, with the necessary modifications, apply also where a loss on the disposal accrues to one of them and the acquisition is made by the other.
- (6) In this section references to the acquisition of securities shall not include references—
- (a) to acquisition as trading stock, or
- (b) in the case of a company which is a member of a group, to acquisition from another company which is a member of that group throughout the prescribed period before and after the disposal.
- (7) In this section—
- “group ” has the meaning given in section 272 of the Taxes Act;
- “the prescribed period ” means—
- (a) in the case of an acquisition through a stock exchange, one month;
- (b) in the case of an acquisition otherwise than as aforesaid, six months;
- “trading stock ”, in relation to a company carrying on life assurance business as defined in section 323 of the Taxes Act, does not include investments held in connection with that business except in so far as they are referable to general annuity business or pension business as defined in that section ;
- and references to a person's holding, acquiring and disposing of securities are references to his doing so in the same capacity.