



# Capital Gains Tax Act 1979 (repealed 6.3.1992)

## 1979 CHAPTER 14

### PART VII

#### OTHER PROVISIONS

##### *Other exemptions and reliefs*

#### 145 Charities.

- (1) [<sup>F1</sup>Subject to section 505(3) of the Taxes Act 1988 and] subsection (2) below a gain shall not be a chargeable gain if it accrues to a charity and is applicable and applied for charitable purposes.
- (2) If property held on charitable trusts ceases to be subject to charitable trusts—
  - (a) the trustees shall be treated as if they had disposed of, and immediately re-acquired, the property for a consideration equal to its market value, any gain on the disposal being treated as not accruing to a charity, and
  - (b) if and so far as any of that property represents, directly or indirectly, the consideration for the disposal of assets by the trustees, any gain accruing on that disposal shall be treated as not having accrued to a charity,

and an assessment to capital gains tax chargeable by virtue of paragraph (b) above may be made at any time not more than three years after the end of the year of assessment in which the property ceases to be subject to charitable trusts.

#### Textual Amendments

**F1** Words substituted by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), [Sch. 29 para. 32](#)

*Status: Point in time view as at 01/02/1991.*

*Changes to legislation: There are currently no known outstanding effects for the Capital Gains Tax Act 1979 (repealed 6.3.1992), Cross Heading: Other exemptions and reliefs. (See end of Document for details)*

#### Modifications etc. (not altering text)

- C1** See— Diplomatic Privileges Act 1964 (c. 81); Commonwealth Secretariat Act 1966 (c. 10); International Organisations Act 1968 (c. 48); Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 505

### 146 Gifts to charities etc.

- (1) Subsection (2) below shall apply where a disposal of an asset is made otherwise than under a bargain at arm's length—
- (a) to a charity, or
  - (b) to any of the bodies mentioned in [<sup>F2</sup>Schedule 3 to the Capital Transfer Tax Act 1984] (gifts for national purposes, etc.).
- (2) [<sup>F3</sup>Section 29A(1)] above (consideration deemed to be equal to market value) and section 147(3) below shall not apply; but if the disposal is by way of gift (including a gift in settlement) or for a consideration not exceeding the sums allowable as a deduction under section 32 above, then—
- (a) the disposal and acquisition shall be treated for the purposes of this Act as being made for such consideration as to secure that neither a gain nor a loss accrues on the disposal, and
  - (b) where, after the disposal, the asset is disposed of by the person who acquired it under the disposal, its acquisition by the person making the earlier disposal shall be treated for the purposes of this Act as the acquisition of the person making the later disposal.
- (3) Where, otherwise than on the termination of a life interest (within the meaning of section 55 above) by the death of the person entitled thereto, any assets or parts of any assets forming part of settled property are, under section 54 [<sup>F4</sup>or 55] above, deemed to be disposed of and re-acquired by the trustee, and—
- (a) the person becoming entitled as mentioned in section 54(1) above is a charity, or a body mentioned in [<sup>F2</sup>Schedule 3 to the Capital Transfer Tax Act 1984] (gifts for national purposes, etc.), [<sup>F5</sup>or]
  - [<sup>F6</sup>(b) any of the assets which, or parts of which, are deemed to be disposed of and re-acquired under section 55(1) above are held for the purposes of a charity, or a body mentioned in the said paragraph 12,]

then, if no consideration is received by any person for or in connection with any transaction by virtue of which the charity or other body becomes so entitled [<sup>F4</sup>or the assets are so held], the disposal and re-acquisition of the assets to which the charity or other body becomes so entitled [<sup>F4</sup>or of the assets or parts of the assets which are held as mentioned in paragraph (b) above] shall, notwithstanding sections 54 [<sup>F4</sup>and 55] above, be treated for the purposes of this Act as made for such consideration as to secure that neither a gain nor a loss accrues on the disposal.

#### Textual Amendments

- F2** Words substituted by Inheritance Tax Act 1984 (c. 51), s. 276 and Sch. 8 para. 9
- F3** Words substituted by Finance Act 1981 (c. 35, SIF 63:2), s. 90(3)(a) in relation to acquisitions and disposals on or after 10 April 1981
- F4** Words repealed by Finance Act 1982 (c. 39, SIF 63:2), s. 157 and Sch. 22 Part VI in relation to disposals after 5 April 1982

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- F5** Word repealed by [Finance Act 1982 \(c. 39, SIF 63:2\)](#), **s. 157** and Sch. 22 Part VI in relation to disposals after 5 April 1982
- F6** [S. 146\(3\)\(b\)](#) repealed by [Finance Act 1982 \(c. 39, SIF 63:2\)](#), **s. 157** and Sch. 22 Part VI in relation to disposals after 5 April 1982

**Modifications etc. (not altering text)**

- C2** See— [Diplomatic Privileges Act 1964 \(c. 81\)](#); [Commonwealth Secretariat Act 1966 \(c. 10\)](#); [International Organisations Act 1968 \(c. 48\)](#); [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), **s. 505**
- C3** See [Finance Act 1988 \(c. 39, SIF 63:1, 2\)](#), **s. 96** and Sch. 8 para. 1

[<sup>F7</sup>146A

- (1) Subsection (2) below shall apply where—
- (a) a disposal of an estate or interest in land in the United Kingdom is made to a registered housing association otherwise than under a bargain at arm's length, and
- (b) a claim for relief under this section is made by the transferor and the association.
- (2) Section 29A(1) above (consideration deemed to be equal to market value) shall not apply; but if the disposal is by way of gift or for a consideration not exceeding the sums allowable as a deduction under section 32 above, then—
- (a) the disposal and acquisition shall be treated for the purposes of this Act as being made for such consideration as to secure that neither a gain nor a loss accrues on the disposal, and
- (b) where, after the disposal, the estate or interest is disposed of by the association, its acquisition by the person making the earlier disposal shall be treated for the purposes of this Act as the acquisition of the association.
- (3) In this section “registered housing association” means a registered 156 housing association within the meaning of the Housing Associations Act 1985 or Part VII of the Housing (Northern Ireland) Order 1981.]

**Textual Amendments**

- F7** [S. 146A](#) added by [Finance Act 1989 \(c. 26, SIF 63:2\)](#), **s. 125** in relation to disposals on or after 14 March 1989

**Modifications etc. (not altering text)**

- C4** See— [Diplomatic Privileges Act 1964 \(c. 81\)](#); [Commonwealth Secretariat Act 1966 \(c. 10\)](#); [International Organisations Act 1968 \(c. 48\)](#); [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), **s. 505**

**147 Works of art etc.**

- (1) A gain accruing on the disposal of an asset by way of gift shall not be a chargeable gain if the asset is property falling within [<sup>F8</sup>subsection (2) of section 26 of the Capital Transfer Tax Act 1984] (gifts for public benefit) and the Treasury give a direction in relation to it under [<sup>F8</sup>subsection (1) of that section].

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- (2) A gain shall not be a chargeable gain if it accrues on the disposal of an asset with respect to which a capital transfer tax undertaking or an undertaking under the following provisions of this section has been given and—
- (a) the disposal is by way of sale by private treaty to a body mentioned in [<sup>F8</sup>Schedule 3 to the Capital Transfer Tax Act 1984] (museums, etc), or is to such a body otherwise than by sale, or
  - (b) the disposal is to the Board in pursuance of [<sup>F8</sup>section 230 of the Capital Transfer Tax Act 1984] or in accordance with directions given by the Treasury under section 50 or 51 of the <sup>M1</sup>Finance Act 1946 (acceptance of property in satisfaction of tax).
- (3) Subsection (4) below shall have effect in respect of the disposal of any asset which is property which has been or could be designated under [<sup>F8</sup>section 31 of the Capital Transfer Tax Act 1984], being—
- (a) a disposal by way of gift, including a gift in settlement, or
  - (b) a disposal of settled property by the trustee on an occasion when, under section 54(1) [<sup>F9</sup>or 55(1)] above, the trustee is deemed to dispose of and immediately re-acquire settled property (other than any disposal on which by virtue of section 56 above no chargeable gain or allowable loss accrues to the trustee),
- if the requisite undertaking described in [<sup>F8</sup>the said section 31] (maintenance, preservation and access) is given by such person as the Treasury think appropriate in the circumstances of the case.
- (4) The person making a disposal to which subsection (3) above applies and the person acquiring the asset on the disposal shall be treated for all the purposes of this Act as if the asset was acquired from the one making the disposal for a consideration of such an amount as would secure that on the disposal neither a gain nor a loss would accrue to the one making the disposal.
- (5) If—
- (a) there is a sale of the asset and capital transfer tax is chargeable under [<sup>F8</sup>section 32 of the Capital Transfer Tax Act 1984] (or would be chargeable if a capital transfer tax undertaking as well as an undertaking under this section had been given), or
  - (b) the Treasury are satisfied that at any time during the period for which any such undertaking was given it has not been observed in a material respect,
- the person selling that asset or, as the case may be, the owner of the asset shall be treated for the purposes of this Act as having sold the asset for a consideration equal to its market value, and, in the case of a failure to comply with the undertaking, having immediately re-acquired it for a consideration equal to its market value.
- (6) The period for which an undertaking under this section is given shall be until the person beneficially entitled to the asset dies or it is disposed of, whether by sale or gift or otherwise; and if the asset subject to the undertaking is disposed of—
- (a) otherwise than on sale, and
  - (b) without a further undertaking being given under this section,
- subsection (5) above shall apply as if the asset had been sold to an individual.

References in this subsection to a disposal shall be construed without regard to any provision of this Act under which an asset is deemed to be disposed of.

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- (7) Where under subsection (5) above a person is treated as having sold for a consideration equal to its market value any asset within [F<sup>8</sup>section 31(1)(c), (d) or (e) of the Capital Transfer Tax Act 1984], he shall also be treated as having sold and immediately re-acquired for a consideration equal to its market value any asset associated with it; but the Treasury may direct that the preceding provisions of this subsection shall not have effect in any case in which it appears to them that the entity consisting of the asset and any assets associated with it has not been materially affected.

For the purposes of this subsection two or more assets are associated with each other if one of them is a building falling within [F<sup>8</sup>the said section 31(1)(c)] and the other or others such land or objects as, in relation to that building, fall within [F<sup>8</sup>the said section 31(1)(d) or (e)].

- (8) If in pursuance of subsection (5) above a person is treated as having on any occasion sold an asset and capital transfer tax becomes chargeable on the same occasion, then, in determining the value of the asset for the purposes of that tax, an allowance shall be made for the capital gains tax chargeable on any chargeable gain accruing on that occasion.
- (9) In this section “capital transfer tax undertaking” means an undertaking under [F<sup>10</sup>Chapter II of Part II or section 78 of, or Schedule 5 to, the Capital Transfer Tax Act 1984], sections 76 to 81 of the Finance Act 1976 or section 31 or 34 of the M<sup>2</sup>Finance Act 1975.

#### Textual Amendments

- F8** Words substituted by [Inheritance Tax Act 1984 \(c. 51\), s. 276](#) and Sch. 8 para. 10
- F9** Words repealed by [Finance Act 1982 \(c. 39, SIF 63:2\), s. 157](#) and Sch. 22 Part VI in relation to disposals after 5 April 1982
- F10** Words inserted by [Inheritance Tax Act 1984 \(c. 51\), s. 276](#) and Sch. 8 para. 10

#### Modifications etc. (not altering text)

- C5** See— [Diplomatic Privileges Act 1964 \(c. 81\)](#); [Commonwealth Secretariat Act 1966 \(c. 10\)](#); [International Organisations Act 1968 \(c. 48\)](#); [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\), s. 505](#)
- C6** See [Finance Act 1985 \(c. 54\), s. 95](#)
- C7** See [Capital Transfer Tax Act 1984 \(c. 51, SIF 65\)](#) and [Finance Act 1986 \(c. 41\), s. 100](#) for occasions when [Capital Transfer Tax Act 1984 \(c. 51, SIF 65\)](#) renamed [Inheritance Tax Act 1984 \(c. 51\)](#)
- C8** See [Finance Act 1988 \(c. 39, SIF 63;1, 2\), s. 96](#) and Sch. 8 para. 1

#### Marginal Citations

- M1** 1946 c. 64.
- M2** 1975 c. 7.

### [F<sup>11</sup>147A Gifts on which inheritance tax is chargeable etc.

- (1) If—
- an individual or the trustees of a settlement (in this section referred to as “the transferor”) make a disposal within subsection (2) below of an asset,
  - the asset is acquired by an individual or the trustees of a settlement (in this section referred to as “the transferee”), and

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- (c) a claim for relief under this section is made by the transferor and the transferee or, where the trustees of a settlement are the transferee, by the transferor alone, then, subject to subsection (6) and section 147B below, subsection (3) below shall apply in relation to the disposal.
- (2) A disposal is within this subsection if it is made otherwise than under a bargain at arm's length and—
- (a) is a chargeable transfer within the meaning of the Inheritance Tax Act 1984 (or would be but for section 19 of that Act) and is not a potentially exempt transfer (within the meaning of that Act),
  - (b) is an exempt transfer by virtue of—
    - (i) section 24 of that Act (transfers to political parties),
    - (ii) section 26 of that Act (transfers for public benefit),
    - (iii) section 27 of that Act (transfers to maintenance funds for historic buildings etc.), or
    - (iv) section 30 of that Act (transfers of designated property),
  - (c) is a disposition to which section 57A of that Act applies and by which the property disposed of becomes held on trusts of the kind referred to in subsection (1)(b) of that section (maintenance funds for historic buildings etc.),
  - (d) by virtue of subsection (4) of section 71 of that Act (accumulation and maintenance trusts) does not constitute an occasion on which inheritance tax is chargeable under that section,
  - (e) by virtue of section 78(1) of that Act (transfers of works of art etc.) does not constitute an occasion on which tax is chargeable under Chapter III of Part III of that Act, or
  - (f) is a disposal of an asset comprised in a settlement where, as a result of the asset or part of it becoming comprised in another settlement, there is no charge, or a reduced charge, to inheritance tax by virtue of paragraph 9, 16 or 17 of Schedule 4 to that Act (transfers to maintenance funds for historic buildings etc.).
- (3) Where this subsection applies in relation to a disposal—
- (a) the amount of any chargeable gain which, apart from this section, would accrue to the transferor on the disposal, and
  - (b) the amount of the consideration for which, apart from this section, the transferee would be regarded for the purposes of capital gains tax as having acquired the asset in question,
- shall each be reduced by an amount equal to the held-over gain on the disposal.
- (4) Subject to subsection (5) below, the reference in subsection (3) above to the held-over gain on a disposal is a reference to the chargeable gain which would have accrued on that disposal apart from this section.
- (5) In any case where—
- (a) there is actual consideration (as opposed to the consideration equal to the market value which is deemed to be given by virtue of any provision of this Act) for a disposal in respect of which a claim for relief is made under this section, and
  - (b) that actual consideration exceeds the sums allowable as a deduction under section 32 above,

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the held-over gain on the disposal shall be reduced by the excess referred to in paragraph (b) above or, if part of the gain on the disposal is relieved under Schedule 20 to the Finance Act 1985 (retirement relief), by so much, if any, of that excess as exceeds the part so relieved.

- (6) Subsection (3) above does not apply in relation to a disposal of assets within section 67(1) above on which a gain is deemed to accrue by virtue of paragraph 10(1)(b) of Schedule 13 to the Finance Act 1984.
- (7) In the case of a disposal within subsection (2)(a) above there shall be allowed as a deduction in computing the chargeable gain accruing to the transferee on the disposal of the asset in question an amount equal to whichever is the lesser of—
  - (a) the inheritance tax attributable to the value of the asset, and
  - (b) the amount of the chargeable gain as computed apart from this subsection.
- (8) Where an amount of inheritance tax is varied after it has been taken into account under subsection (7) above, all necessary adjustments shall be made, whether by the making of an assessment to capital gains tax or by the discharge or repayment of such tax.
- (9) Where subsection (3) above applies in relation to a disposal which is deemed to occur by virtue of section 54(1) or 55(1) above, subsection (5) above shall not apply.
- (10) Where a disposal is partly within subsection (2) above, or is a disposal within paragraph (1) of that subsection on which there is a reduced charge such as is mentioned in that paragraph, the preceding provisions of this section shall have effect in relation to an appropriate part of the disposal.]

#### Textual Amendments

- F11** Ss. 147A, 147B added by [Finance Act 1989 \(c. 26, SIF 63:2\)](#), s. 124 and Sch. 14 para. 4 in relation to disposals on or after 14 March 1989 (except where relief given under [Finance Act 1980 \(c. 48, SIF 63:1\)](#), s. 79 in respect of a disposal before that date)

#### Modifications etc. (not altering text)

- C9** See—[Diplomatic Privileges Act 1964 \(c. 81\)](#); [Commonwealth Secretariat Act 1966 \(c. 10\)](#); [International Organisations Act 1968 \(c. 48\)](#); [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), s. 505

#### [<sup>F12</sup>147B Section 147A relief: gifts to non-residents.

- (1) Section 147A(3) above shall not apply where the transferee is neither resident nor ordinarily resident in the United Kingdom.
- (2) Section 147A(3) above shall not apply where the transferee is an individual who—
  - (a) though resident or ordinarily resident in the United Kingdom, is regarded for the purposes of any double taxation arrangements having effect by virtue of section 788 of the Taxes Act 1988 as resident in a territory outside the United Kingdom, and
  - (b) by virtue of the arrangements would not be liable in the United Kingdom to tax on a gain arising on a disposal of the asset occurring immediately after its acquisition.]

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#### Textual Amendments

**F12** Ss. 147A, 147B added by Finance Act 1989 (c. 26, SIF 63:2), s. 124 and Sch. 14 para. 4 in relation to disposals on or after 14 March 1989 (except where relief given under Finance Act 1980 (c. 48, SIF 63:1), s. 79 in respect of a disposal before that date)

#### Modifications etc. (not altering text)

**C10** See— Diplomatic Privileges Act 1964 (c. 81); Commonwealth Secretariat Act 1966 (c. 10); International Organisations Act 1968 (c. 48); Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 505

### [<sup>F13</sup>148 Maintenance funds for historic buildings.

(1) This section applies where a person disposes of an asset to trustees in circumstances such that the disposal is a transfer of value which by virtue of [<sup>F14</sup>section 95 of the Finance Act 1982] (capital transfer tax: maintenance funds for historic buildings) is an exempt transfer.

[ This section applies also where a trustee is deemed by virtue of section 54(1) above to <sup>F15</sup>(1A) dispose of an asset comprised in a settlement and, as a result of the asset or part of it becoming comprised in another settlement, there is by virtue of [<sup>F14</sup>paragraph 1(1) or (5) or 3(1) of Schedule 16 to the Finance Act 1982 no charge to capital transfer tax in respect of the asset deemed to be disposed of or a reduced charge to that tax by virtue of paragraph 1(2) or (8) or 3(4) of that Schedule]; but—

- (a) if part only of the asset becomes comprised in the other settlement this subsection applies only to the deemed disposal of that part; and
- (b) if the trustees of the other settlement give any consideration for the asset or part that becomes comprised in it this subsection applies only if the consideration does not exceed the sums that would be allowable as a deduction in computing the gain accruing on the deemed disposal.]

[ This section applies also where a trustee disposes (or is deemed to dispose) of an <sup>F16</sup>(1B) asset comprised in a settlement if on the disposal the asset becomes settled property in respect of which a direction has effect under section 93 of the Finance Act 1982.]

(2) The person making the disposal and the person acquiring the asset on the disposal shall be treated for all the purposes of this Act as if the asset was acquired from the one making the disposal for a consideration of such an amount as would secure that on the disposal neither a gain nor a loss would accrue to the one making the disposal.]

#### Textual Amendments

**F13** S. 148 repealed by Finance Act 1984 (c. 43, SIF 63:1), ss. 68, 128(6) and Sch. 23 Part VIII in relation to disposals made on or after 6 April 1984

**F14** Words substituted by Finance Act 1982 (c. 39, SIF 63:2), s. 85(2)(3)

**F15** S. 148(1A) inserted by Finance Act 1980 (c. 48, SIF 63:1), s. 82

**F16** S. 148(1B) inserted by Finance Act 1982 (c. 39, SIF 63:2), s. 85(4)

#### Modifications etc. (not altering text)

**C11** See— Diplomatic Privileges Act 1964 (c. 81); Commonwealth Secretariat Act 1966 (c. 10); International Organisations Act 1968 (c. 48); Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 505



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**C12** See Finance Act 1988 (c. 39, SIF 63;1, 2), s. 96 and Sch. 8 para. 1

## 149 Employee trusts.

- (1) Where—
- (a) a close company disposes of an asset to trustees in circumstances such that the disposal is a disposition which by virtue of [F17]section 13 of the Capital Transfer Tax Act 1984] (employee trusts) is not a transfer of value for the purposes of capital transfer tax, or
  - (b) an individual disposes of an asset to trustees in circumstances such that the disposal is an exempt transfer by virtue of [F17]section 28 of the Capital Transfer Tax Act 1984] (employee trusts: capital transfer tax),
- this Act shall have effect in relation to the disposal in accordance with subsections (2) and (3) below.
- (2) [F18]Section 29A(1)] above (consideration deemed to be equal to market value) shall not apply to the disposal; and if the disposal is by way of gift or is for a consideration not exceeding the sums allowable as a deduction under section 32 above—
- (a) the disposal, and the acquisition by the trustees, shall be treated for the purposes of this Act as being made for such consideration as to secure that neither a gain nor a loss accrues on the disposal, and
  - (b) where the trustees dispose of the asset, its acquisition by the company or individual shall be treated as its acquisition by the trustees.
- (3) Where the disposal is by a close company, section 75(1) above (assets disposed of for less than market value) shall apply to the disposal as if for the reference to market value there were substituted a reference to market value or the sums allowable as a deduction under section 32 above, whichever is the less.
- (4) Subject to subsection (5) below, this Act shall also have effect in accordance with subsection (2) above in relation to any disposal made by a company other than a close company if—
- (a) the disposal is made to trustees otherwise than under a bargain made at arm's length, and
  - (b) the property disposed of is to be held by them on trusts of the description specified in [F17]section 86(1) of the Capital Transfer Tax Act 1984 (that is to say, those in relation to which the said section 13 of that Act has effect)] and the persons for whose benefit the trusts permit the property to be applied include all or most of either—
    - (i) the persons employed by or holding office with the company, or
    - (ii) the persons employed by or holding office with the company or any one or more subsidiaries of the company.
- (5) Subsection (4) above does not apply if the trusts permit any of the property to be applied at any time (whether during any such period as is referred to in [F17]the said section 86(1)] or later) for the benefit of—
- (a) a person who is a participator in the company (“the donor company”), or
  - (b) any other person who is a participator in any other company that has made a disposal of property to be held on the same trusts as the property disposed of by the donor company, being a disposal in relation to which this Act has had effect in accordance with subsection (2) above, or

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- (c) any other person who has been a participator in the donor company or any such company as is mentioned in paragraph (b) above at any time after, or during the ten years before, the disposal made by that company, or
- (d) any person who is connected with a person within paragraph (a), (b) or (c) above.
- (6) The participators in a company who are referred to in subsection (5) above do not include any participator who—
- (a) is not beneficially entitled to, or to rights entitling him to acquire, 5 per cent. or more of, or of any class of the shares comprised in, its issued share capital, and
- (b) on a winding-up of the company would not be entitled to 5 per cent. or more of its assets;
- and in determining whether the trusts permit property to be applied as mentioned in that subsection, no account shall be taken—
- (i) of any power to make a payment which is the income of any person for any of the purposes of income tax, or would be the income for any of those purposes of a person not resident in the United Kingdom if he were so resident, or
- (ii) if the trusts are those of a profit sharing scheme approved under the <sup>M3</sup>Finance Act 1978, of any power to appropriate shares in pursuance of the scheme.
- (7) In subsection (4) above “subsidiary” has [<sup>F19</sup>the same meaning as in][<sup>F19</sup>the meaning given by section 736 of] the [<sup>F20</sup>Companies Act 1985] and in subsections (5) and (6) above “participator” has the meaning given in section [<sup>F21</sup>417(1)] of [<sup>F21</sup>the Taxes Act 1988], except that it does not include a loan creditor.
- (8) In this section “close company” includes a company which, if resident in the United Kingdom, would be a close company as defined in section 155(1) below.

#### Textual Amendments

- F17** Words substituted by [Inheritance Tax Act 1984 \(c. 51\), s. 276](#) and Sch. 8 para. 11
- F18** Words substituted by [Finance Act 1981 \(c. 35, SIF 63:2\), s. 90\(3\)\(a\)](#) in relation to acquisitions and disposals on or after 10 March 1981
- F19** Words “the meaning given by section 736 of” substituted from a day to be appointed for “the same meaning as in” by [Companies Act 1989 \(c. 40\), s. 144\(4\), Sch. 18 para. 20](#)
- F20** Words substituted by [Companies Consolidation \(Consequential Provisions\) Act 1985 \(c. 9\), s. 30](#) and Sch. 2
- F21** Words substituted by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\), Sch. 29 paras. 15](#) and 32

#### Modifications etc. (not altering text)

- C13** See— [Diplomatic Privileges Act 1964 \(c. 81\)](#); [Commonwealth Secretariat Act 1966 \(c. 10\)](#); [International Organisations Act 1968 \(c. 48\)](#); [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\), s. 505](#)
- C14** See [Finance Act 1986 \(c. 41\), s. 100](#) for occasions when [Capital Transfer Tax Act 1984 \(c. 51, SIF 65\)](#) renamed [Inheritance Tax Act 1984 \(c. 51\)](#)

#### Marginal Citations

- M3** 1978 c. 42.

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## [<sup>F22</sup>149A Building societies and life policies.

- (1) If in the course of or as part of an amalgamation of two or more building societies or a transfer of engagements from one building society to another, there is a disposal of an asset by one society to another, both shall be treated for the purposes of corporation tax on chargeable gains as if the asset were acquired from the one making the disposal for a consideration of such amount as would secure that on the disposal neither a gain nor a loss would accrue to the one making the disposal.

In this subsection “building society” means a building society within the meaning of the Building Societies Act 1986.

- (2) Where any investments or other assets are or have been, in accordance with a policy issued in the course of life assurance business carried on by an insurance company, transferred to the policy holder on or after 6th April 1967, the policy holder’s acquisition of the assets and the disposal of them to him shall be deemed to be, for the purposes of this Act, for a consideration equal to the market value of the assets.

In this subsection “life assurance business” and “insurance company” have the same meaning as in Chapter I of Part XII of the Taxes Act 1988.]

### Textual Amendments

**F22** Ss. 149A–149D added by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), **Sch. 29 para. 26**

### Modifications etc. (not altering text)

**C15** See—[Diplomatic Privileges Act 1964 \(c. 81\)](#); [Commonwealth Secretariat Act 1966 \(c. 10\)](#); [International Organisations Act 1968 \(c. 48\)](#); [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), **s. 505**

**C16** See [Finance Act 1988 \(c. 39, SIF 63:1, 2\)](#), **s. 96** and Sch. 8 para. 1

## [<sup>F23</sup>149B Miscellaneous exemptions.

- (1) The following gains shall not be chargeable gains—
- (a) gains accruing on the disposal of stock—
    - (i) transferred to accounts in the books of the Bank of England in the name of the Treasury or the National Debt Commissioners in pursuance of any Act of Parliament; or
    - (ii) belonging to the Crown, in whatever name it may stand in the books of the Bank of England;
  - (b) any gain accruing to a person from his acquisition and disposal of assets held by him as part of a fund mentioned in section 613(4) of the Taxes Act 1988 (Parliamentary pension funds) or of which income is exempt from income tax under section 614(1) of that Act (social security supplementary schemes);
  - (c) any gain accruing to a person from his acquisition and disposal of assets held by him as part of a fund mentioned in section [<sup>F24</sup>614(2)] or paragraph (b), (c), (d), (f) or (g) of section 615(2) of the Taxes Act 1988 (India etc. pension funds) or as part of a fund to which subsection (3) of that section applies (pension funds for overseas employees);
  - (d) any gain accruing to a person from his acquisition and disposal of assets held by him as part of any fund maintained for the purpose mentioned in

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- subsection (5)(b) of section 620 or subsection (5) of section 621 of the Taxes Act 1988 under a scheme for the time being approved under that subsection;
- (e) any gain accruing on the disposal by the trustees of any settled property held on trusts in accordance with directions which are valid and effective under section 9 of the Superannuation and Trust Funds (Validation) Act 1927 (trust funds for the reduction of the National Debt);
  - (f) any gain accruing to a consular officer or employee, within the meaning of section 322 of the Taxes Act 1988, of any foreign state to which that section applies on the disposal of assets which at the time of the disposal were situated outside the United Kingdom;
  - (g) any gain accruing to a person from his disposal of investments if, or to such extent as the Board are satisfied that, those investments were held by him or on his behalf for the purposes of a scheme which at the time of the disposal is an exempt approved scheme;
  - (h) any gain accruing to a person on his disposal of investments held by him for the purposes of an approved personal pension scheme;
  - (j) any gain accruing to a unit holder on his disposal of units in an authorised unit trust which is also an approved personal pension scheme or is one to which section 592(10) of the Taxes Act 1988 applies.

In this subsection “exempt approved scheme” and “approved personal pension scheme” have the same meanings as in Part XIV of the Taxes Act 1988.

- (2) Where a claim is made in that behalf, a gain which accrues to a person on the disposal of investments shall not be a chargeable gain for the purposes of capital gains tax if, or to such extent as the Board are satisfied that, those investments were held by him or on his behalf for the purpose of a fund to which section 608 of the Taxes Act 1988 applies.

A claim under this subsection shall not be allowed unless the Board are satisfied that the terms on which benefits are payable from the fund have not been altered since 5th April 1980.

[ A local authority, a local authority association and a health service body shall be <sup>F25</sup>(3) exempt from capital gains tax.

(3A) In subsection (3) above—

- (a) “local authority association” has the meaning given by section 519 of the Taxes Act 1988, and
- (b) “health service body” has the meaning given by section 519A of that Act.]

[ Any bonus to which section 326 (certified contractual savings schemes) or 326A (tax-<sup>F26</sup>(4) exempt special savings accounts) of the Taxes Act 1988 applies shall be disregarded for all purposes of the enactments relating to capital gains tax.]

- (5) A signatory to the Operating Agreement made pursuant to the Convention on the International Maritime Satellite Organisation which came into force on 16th July 1979, other than a signatory designated for the purposes of the Agreement by the United Kingdom in accordance with the Convention, shall be exempt from capital gains tax in respect of any payment received by that signatory from the Organisation in accordance with the Agreement.
- (6) The following shall, on a claim made in that behalf to the Board, be exempt from tax in respect of all chargeable gains—

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- (a) the Trustees of the British Museum and the Trustees of the British Museum (Natural History); and
  - (b) an Association within the meaning of section 508 of the Taxes Act 1988 (scientific research organisations).
- (7) The Historic Buildings and Monuments Commission for England, the Trustees of the National Heritage Memorial Fund, the United Kingdom Atomic Energy Authority and the National Radiological Protection Board shall be exempt from tax in respect of chargeable gains; and for the purposes of this subsection gains accruing from investments or deposits held for the purposes of any pension scheme provided and maintained by the United Kingdom Atomic Energy Authority shall be treated as if those gains and investments and deposits belonged to the Authority.
- (8) There shall be exempt from tax any chargeable gains accruing to the issue department of the Reserve Bank of India constituted under an Act of the Indian legislature called the Reserve Bank of India Act 1934, or to the issue department of the State Bank of Pakistan constituted under certain orders made under section 9 of the Indian Independence Act 1947.
- (9) Any disposal and acquisition made in pursuance of an arrangement mentioned in subsection (1) or (2) of section 129 of the Taxes Act 1988 (stock lending) shall, subject to regulations under subsection (4) of that section, be disregarded for the purposes of capital gains tax.]
- [<sup>F27</sup>(10) In subsections (1)(g) and (h) and (2) above “investments”, includes futures contracts and options contracts; and paragraph 7(3)(d) of Schedule 22 to the Taxes Act 1988 shall be construed accordingly.
- (11) For the purposes of subsection (10) above a contract is not prevented from being a futures contract or an options contract by the fact that any party is or may be entitled to receive or liable to make, or entitled to receive and liable to make, only a payment of a sum (as opposed to a transfer of assets other than money) in full settlement of all obligations.]

#### Textual Amendments

- F23** Ss. 149A–149D added by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), **Sch. 29 para. 26**
- F24** “614(2)” substituted by [Finance Act 1988 \(c. 39, SIF 63:1, 2\)](#), **s. 146** and Sch. 13 para. 17
- F25** [S. 149B\(3\)\(3A\)](#) substituted for [s. 149B\(3\)](#) by [Finance Act 1990 \(c. 29, SIF 63:2\)](#), [s. 127\(3\)](#), **Sch. 18 para. 3**
- F26** [S. 149B\(4\)](#) substituted by [Finance Act 1990 \(c. 29, SIF 63:1, 2\)](#), **s. 28(3)**
- F27** [S. 149B\(10\)\(11\)](#) inserted by [Finance Act 1990 \(c. 29, SIF 63:1, 2\)](#), **s. 81(3)(6)**

#### Modifications etc. (not altering text)

- C17** See— [Diplomatic Privileges Act 1964 \(c. 81\)](#); [Commonwealth Secretariat Act 1966 \(c. 10\)](#); [International Organisations Act 1968 \(c. 48\)](#); [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), **s. 505**
- C18** See [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), **s. 438(8)**
- C19** See [Finance Act 1988 \(c. 39, SIF 63:1, 2\)](#), **s. 145** and Sch. 12 para. 7

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## **[<sup>F28</sup>149C Business expansion schemes.**

- (1) In this section “relief” means relief under Chapter III of Part VII of the Taxes Act 1988, Schedule 5 to the Finance Act 1983 (“the 1983 Act”) or Chapter II of Part IV of the Finance Act 1981 (“the 1981 Act”) and “eligible shares” has the meaning given by section 289(4) of the Taxes Act 1988.
- (2) A gain or loss which accrues to an individual on the disposal of any shares issued after 18th March 1986 in respect of which relief has been given [<sup>F29</sup>to him] and not withdrawn shall not be a chargeable gain or allowable loss for the purposes of capital gains tax.
- (3) The sums allowable as deductions from the consideration in the computation for the purposes of capital gains tax of the gain or loss accruing to an individual on the disposal of shares issued before 19th March 1986 in respect of which any relief has been given and not withdrawn shall be determined without regard to that relief, except that where those sums exceed the consideration they shall be reduced by an amount equal to—
  - (a) the amount of that relief; or
  - (b) the excess,
 whichever is the less, but the foregoing provisions of this subsection shall not apply to a disposal falling within section 44(1) above.
- (4) Sections 88 and 89 of the Finance Act 1982 (identification of securities disposed of) shall not apply to shares in respect of which any relief has been given and not withdrawn; and any question—
  - (a) as to which of any such shares issued to a person at different times a disposal relates; or
  - (b) whether a disposal relates to such shares or to other shares;
 shall for the purposes of capital gains tax be determined as for the purposes of section 299 of the Taxes Act 1988, or section 57 of the Finance Act 1981 if the relief has only been given under that Act.
- (5) Where an individual holds shares which form part of the ordinary share capital of a company and the relief has been given (and not withdrawn) in respect of some but not others, then, if there is within the meaning of section 77 above a reorganisation affecting those shares, section 78 shall apply separately to the shares in respect of which the relief has been given (and not withdrawn) and to the other shares (so that shares of each kind are treated as a separate holding of original shares and identified with a separate new holding).
- (6) Where section 44 above has applied to any eligible shares disposed of by an individual to his or her spouse (“the transferee”), subsection (2) above shall apply in relation to the subsequent disposal of the shares by the transferee to a third party.
- (7) Where section 85 or 86 above would, but for this subsection, apply in relation to eligible shares [<sup>F30</sup>issued after 18th March 1986] in respect of which an individual has been given relief, that section shall apply only if the relief is withdrawn.
- (8) Sections 78 to 81 above shall not apply in relation to any shares in respect of which relief (other than relief under the 1981 Act) has been given and which form part of a company’s ordinary share capital if—
  - (a) there is, by virtue of any such allotment for payment as is mentioned in section 77(2)(a) above, a reorganisation occurring after 18th March 1986 affecting those shares; and

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- (b) immediately following the reorganisation, the relief has not been withdrawn in respect of those shares or relief has been given in respect of the allotted shares and not withdrawn.
- (9) Where relief is reduced by virtue of subsection (2) of section 305 of the Taxes Act 1988—
- (a) the sums allowable as deductions from the consideration in the computation, for the purposes of capital gains tax, of the gain or loss accruing to an individual on the disposal, after 18th March 1986, of any of the allotted shares or debentures shall be taken to include the amount of the reduction apportioned between the allotted shares or (as the case may be) debentures in such a way as appears to the inspector, or on appeal to the Commissioners concerned, to be just and reasonable; and
- (b) the sums so allowable on the disposal (in circumstances in which subsections (2) to (7) above do not apply) of any of the shares referred to in section 305(2) (a) shall be taken to be reduced by the amount mentioned in paragraph (a) above, similarly apportioned between those shares.
- (10) There shall be made all such adjustments of capital gains tax, whether by way of assessment or by way of discharge or repayment of tax, as may be required in consequence of the relief being given or withdrawn.]

#### Textual Amendments

- F28** Ss. 149A–149D added by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), **Sch. 29 para. 26**
- F29** Words inserted (*retrospectively*) by [Finance Act 1990 \(c. 29, SIF 63:1\)](#), s. 89, Sch. 14 Pt. II paras. 17(a), **19**
- F30** Words inserted (*retrospectively*) by [Finance Act 1990 \(c. 29, SIF 63:1, 2\)](#), s. 89, Sch. 14 Pt. II paras. 17(b), **19**

#### Modifications etc. (not altering text)

- C20** See—[Diplomatic Privileges Act 1964 \(c. 81\)](#); [Commonwealth Secretariat Act 1966 \(c. 10\)](#); [International Organisations Act 1968 \(c. 48\)](#); [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), s. 505

### [<sup>F31</sup>149D Personal equity plans.

- (1) The Treasury may make regulations providing that an individual who invests under a plan shall be entitled to relief from capital gains tax in respect of the investments.
- (2) Subsections (2) to (5) of section 333 of the Taxes Act 1988 (personal equity plans) shall apply in relation to regulations under subsection (1) above as they apply in relation to regulations under subsection (1) of that section but with the substitution for any reference to income tax of a reference to capital gains tax.

[Regulations under this section may include provision securing that losses are  
<sup>F32</sup>(2A) disregarded for the purposes of capital gains tax where they accrue on the disposal of investments on or after 18th January 1988.]

- (3) Regulations under this section shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of the House of Commons.]

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#### **Textual Amendments**

**F31** Ss. 149A–149D added by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), **Sch. 29 para. 26**

**F32** S. 149D(2A) inserted by [Finance Act 1988 \(c. 39, SIF 63:1, 2\)](#), **s. 116**

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#### **Modifications etc. (not altering text)**

**C21** See— [Diplomatic Privileges Act 1964 \(c. 81\)](#); [Commonwealth Secretariat Act 1966 \(c. 10\)](#); [International Organisations Act 1968 \(c. 48\)](#); [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), **s. 505**



**Status:**

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**Changes to legislation:**

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