

Status: Point in time view as at 01/02/1991.

Changes to legislation: There are currently no known outstanding effects for the Capital Gains Tax Act 1979 (repealed 6.3.1992), Part III. (See end of Document for details)

SCHEDULES

SCHEDULE 6

TRANSITORY

PART III

OTHER TRANSITORY PROVISIONS

Value-shifting

- 11 Section 26 of this Act applies only where the reduction in value mentioned in subsection (1) of that section (or, in a case within subsection (8) of that section, the reduction or increase in value) is after 29th March 1977.

Assets acquired on disposal chargeable under Case VII of Schedule D

- 12 (1) In this paragraph references to a disposal chargeable under Case VII are references to cases where the acquisition and disposal was in circumstances that the gain accruing on it was chargeable under Case VII of Schedule D, or where it would have been so chargeable if there were a gain so accruing.
- (2) The amount or value of the consideration for the acquisition of an asset by the person acquiring it on a disposal chargeable under Case VII shall not under provision of this Act be deemed to be an amount greater than the amount taken into account as consideration on that disposal for the purposes of Case VII.
- (3) Any apportionment of consideration or expenditure falling to be made in relation to a disposal chargeable under Case VII in accordance with section 164(4) of [^{F1}the Taxes Act 1970], and in particular in a case where section 164(6) of that Act (enhancement of value of land by acquisition of adjoining land) applied, shall be followed for the purposes of this Act both in relation to a disposal of the assets acquired on the disposal chargeable under Case VII and, where the disposal chargeable under Case VII was a part disposal, in relation to a disposal of what remains undisposed of.
- (4) Sub-paragraph (3) above has effect notwithstanding section 43(4) of this Act (general provisions for apportionment).

Textual Amendments

F1 Words substituted by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), [Sch. 29 para. 15](#)

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Unrelieved Case VII losses

- 13 Where no relief from income tax (for a year earlier than 1971-72) has been given in respect of a loss or part of a loss allowable under Case VII of Schedule D the loss or part shall, notwithstanding that the loss accrued before that year, be an allowable loss for the purposes of capital gains tax, but subject to any restrictions imposed by section 62 of this Act (transactions between connected persons).

Dispositions before 27th March 1974 which attract capital transfer tax

- 14 Paragraphs 15 and 16 below have effect in respect of dispositions before 27th March 1974 where the donor dies before 27th March 1981.

Gifts subject to capital transfer tax on death

- 15 (1) Where the value of any asset comprised in a gift inter vivos is by virtue of section 22(5) of the ^{M1}Finance Act 1975 included in the value of the estate of any person for the purposes of capital transfer tax, and at the time of that person's death the asset—
- (a) is owned by the donee, or
 - (b) is property settled by the gift or property which for the purposes of section 38 of the ^{M2}Finance Act 1957 would by virtue of subsection (9) thereof be treated as property settled by the gift,
- then, subject to sub-paragraph (2) below, the asset shall for the purposes of this Act be deemed to be disposed of and immediately re-acquired at that time by the donee or trustee for a consideration equal to the value so included; but no chargeable gain shall accrue on the disposal.
- (2) Where the value so included is reduced by virtue of section 35 of the ^{M3}Finance Act 1968, the appropriate portion only of the asset shall be deemed to be so disposed of and re-acquired; and for this purpose the appropriate portion is the reduced value so included divided by the value before the reduction.

Marginal Citations

M1 1975 c. 7.

M2 1957 c. 49.

M3 1968 c. 44.

Life interest terminated on death on which capital transfer tax is chargeable

- 16 Where a life interest within the meaning of section 55 of this Act in settled property is terminated by the death of a person on whose death capital transfer tax is chargeable under section 22 of the ^{M4}Finance Act 1975 and, under subsection (5) of that section, a value falls to be included in respect of the settled property, then—

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- (a) if that value is the principal value of the property, section 56 of this Act shall apply as if that person had been entitled to the life interest at his death, and
- (b) if that value is a value reduced by any percentage under paragraph 3 of Part II of Schedule 17 to the ^{M5}Finance Act 1969, any chargeable gain or allowable loss accruing on the disposal deemed to be made under section 54(1) or 55(1) of this Act shall be reduced by the complementary percentage, that is to say the percentage found by subtracting the first-mentioned percentage from one hundred per cent.

Marginal Citations

M4 1975 c. 7.

M5 1969 c. 32.

Devaluation of sterling: securities acquired with borrowed foreign currency

- 17 (1) This paragraph applies where, in pursuance of permission granted under the ^{M6}Exchange Control Act 1947, currency other than sterling was borrowed before 19th November 1967 for the purpose of investing in foreign securities (and had not been repaid before that date), and it was a condition of the permission—
- (a) that repayment of the borrowed currency should be made from the proceeds of the sale in foreign currency of the foreign securities so acquired or out of investment currency, and
 - (b) that the foreign securities so acquired should be kept in separate accounts to distinguish them from others in the same ownership,
- and securities held in such a separate account on 19th November 1967 are in this paragraph referred to as “designated securities”.
- (2) In computing the gain accruing to the borrower on the disposal of any designated securities or on the disposal of any currency or amount standing in a bank account on 19th November 1967 and representing the loan the sums allowable as a deduction under section 32(1)(a) of this Act shall be increased by multiplying by seven sixths: Provided that the total amount of the increases so made in computing all gains (and losses) which are referable to any one loan (made before 19th November 1967) shall not exceed one sixth of the sterling parity value of that loan at the time it was made.
- (3) Section 65 of this Act (rules for identification: pooling) shall apply separately in relation to any designated securities held in a particular account until such time as a disposal takes place on the occurrence of which the proviso to sub-paragraph (2) above operates to limit the increases which would otherwise be made under that sub-paragraph in allowable deductions.
- (4) In this paragraph and paragraph 18 below “foreign securities” means securities expressed in a currency other than sterling, or shares having a nominal value expressed in a currency other than sterling, or the dividends on which are payable in a currency other than sterling.

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Marginal Citations

M6 1947 c. 14.

Devaluation of sterling: foreign insurance funds

- 18 (1) The sums allowable as a deduction under section 32(1)(a) of this Act in computing any gains to which this paragraph applies shall be increased by multiplying by seven-sixths.
- (2) This paragraph applies to gains accruing—
- (a) to any underwriting member of Lloyd’s or to any other approved association of underwriters, or
 - (b) to any company engaged in the business of marine protection and indemnity insurance on a mutual basis,
- on the disposal by that person after 18th November 1967 of any foreign securities which on that date formed part of a trust fund—
- (i) established by that person in any country or territory outside the United Kingdom, and
 - (ii) representing premiums received in the course of that person’s business, and
 - (iii) wholly or mainly used for the purpose of meeting liabilities arising in that country or territory in respect of that business.

Gilt-edged securities past redemption date

- 19 So far as material for the purposes of this or any other Act, the definition of “gilt-edged securities” in Schedule 2 to this Act shall include any securities which were specified securities for the purposes of section 41 of the ^{M7}Finance Act 1969, and the redemption date of which fell before 1st January 1979.

Marginal Citations

M7 1969 c. 32.

Reorganisation of share capital, conversion of securities, etc.

- 20 (1) Chapter II of Part IV of this Act has effect subject to the provisions of this paragraph.
- (2) The substitution of the said Chapter II for the enactments repealed by this Act shall not alter the law applicable to any reorganisation or reduction of share capital, conversion of securities or company amalgamation taking place before the commencement of this Act.
- (3) Sub-paragraph (2) above applies in particular to the law determining whether or not any assets arising on an event mentioned in that sub-paragraph are to be treated as the same asset as the original holding of shares, securities or other assets.

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- (4) Notwithstanding the preceding provisions of this paragraph, section 84 of this Act (compensation stock) shall apply where the compulsory acquisition took place after 6th April 1976, but before the commencement of this Act, as well as where it took place after the commencement of this Act.

Land: allowance for betterment levy

- 21 (1) Where betterment levy charged in the case of any land in respect of an act or event falling within Case B or Case C or, if it was the renewal, extension or variation of a tenancy, Case F—
- (a) has been paid, and
 - (b) has not been allowed as a deduction in computing the profits or gains or losses of a trade for the purposes of Case I of Schedule D;
- then, if the person by whom the levy was paid disposes of the land or any part of it and so claims, the following provisions of this paragraph shall have effect for the purpose of applying Chapter II of Part II of, and Schedule 5 to, this Act to the disposal.
- (2) Paragraph 9 of Schedule 5 to this Act (sales of land reflecting development value) shall apply where the condition stated in subparagraph (1)(a) thereof is satisfied, notwithstanding that the condition stated in sub-paragraph (1)(b) thereof is not satisfied.
- (3) Subject to the following provisions of this paragraph, there shall be ascertained the excess, if any, of—
- (a) the net development value ascertained for the purposes of the levy, over
 - (b) the increment specified in sub-paragraph (6) below;
- and the amount of the excess shall be treated as an amount allowable under section 32(1)(b) of this Act.
- (4) Where the act or event in respect of which the levy was charged was a part disposal of the land, the said section 32 shall apply as if the part disposal had not taken place and sub-paragraph (5) below shall apply in lieu of sub-paragraph (3) above.
- (5) The amount or value of the consideration for the disposal shall be treated as increased by the amount of any premium or like sum paid in respect of the part disposal, and there shall be ascertained the excess, if any, of—
- (a) the aggregate specified in sub-paragraph (7) below, over
 - (b) the increment specified in sub-paragraph (6) below;
- and the amount of the excess shall be treated as an amount allowable under section 32(1)(b) of this Act.
- (6) The increment referred to in sub-paragraphs (3)(b) and (5)(b) above is the excess, if any, of—
- (a) the amount or value of the consideration brought into account under section 32 (1)(a) of this Act, over
 - (b) the base value ascertained for the purposes of the levy.
- (7) The aggregate referred to in sub-paragraph (5)(a) above is the aggregate of—
- (a) the net development value ascertained for the purposes of the levy, and

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- (b) the amount of any premium or like sum paid in respect of the part disposal, in so far as charged to tax under Schedule A (or, as the case may be, Case VIII of Schedule D), and
 - (c) the chargeable gain accruing on the part disposal.
- (8) Where betterment levy in respect of more than one act or event has been charged and paid as mentioned in sub-paragraph (1) above sub-paragraphs (2) to (7) above shall apply without modifications in relation to the betterment levy in respect of the first of them; but in relation to the other or others sub-paragraph (3) or, as the case may be, (5) above shall have effect as if the amounts to be treated thereunder as allowable under section 32(1)(b) of this Act were the net development value specified in sub-paragraph (3)(a) or, as the case may be, the aggregate referred to in sub-paragraph (5) (a) of this paragraph.
- (9) Where the disposal is of part only of the land sub-paragraphs (2) to (8) above shall have effect subject to the appropriate apportionments.
- (10) References in this paragraph to a premium include any sum payable as mentioned in subsection (3) or (4) of section 80 of [F²the Taxes Act 1970] (sums payable in lieu of rent or as consideration for the surrender of lease or for variation or waiver of term) and, in relation to Scotland, a grassum.

Textual Amendments

F2 Words substituted by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), [Sch. 29 para. 15](#)

Replacement of business assets

- 22 (1) Sections 115 to 121 of this Act (which are substituted for section 33 of the ^{M8}Finance Act 1965 as amended by subsequent enactments) have effect subject to the provisions of this paragraph.
- (2) The substitution of those sections for the enactments repealed by this Act shall not alter the effect of those repealed enactments so far as they apply where the acquisition of, or of the interest in, the new assets (but not the disposal of, or of the interest in, the old assets) was before the commencement of this Act.
- (3) Where the said section 33 of the ^{M9}Finance Act 1965 applied on the acquisition, before 23rd July 1970, of, or of an interest in, any new assets and the adjustment required to be made under subsection (1)(a) or subsection (2)(a) of that section was, by virtue of paragraph 9(5) of Schedule 14 to the ^{M10}Finance Act 1967 (allowance for development value), required to be computed as mentioned therein, any adjustment required to be made under section 115(1)(b), or 116(1)(b), of this Act shall also be so computed, notwithstanding the repeals made by the ^{M11}Finance Act 1971 (restoring development value).

Marginal Citations

M8 1965 c. 25.

M9 1965 c. 25.

M10 1967 c. 54.

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M11 1971 c. 68.

Transfer of business to a company

23 Section 123 of this Act shall have effect as if after subsection (4) there were inserted as subsection (4A)—

- (If any development gains within the meaning of Part III of the Finance Act 1974 accrue to the transferor in respect of his disposal of the assets included in the business, then for the purposes of subsection (4) above B (that is, the value of the whole of the consideration received by the transferor in exchange for the business) shall be taken to be what it would be if the value of the consideration other than shares so received by him were less by an amount equal to those gains.”

Works of art etc.

24 The repeals made by this Act do not affect the continued operation of sections 31 and 32 of the ^{M12}Finance Act 1965, in the form in which they were before 13th March 1975, in relation to estate duty in respect of deaths occurring before that date.

Marginal Citations

M12 1965 c. 25.

Disposal before acquisition

25 The substitution of this Act for the corresponding enactments repealed by this Act shall not alter the effect of any provision enacted before this Act (whether or not there is a corresponding provision in this Act) so far as it relates to an asset which—

- (a) was disposed of before being acquired, and
- (b) was disposed of before the commencement of this Act.

Estate duty

26 Nothing in the repeals made by this Act shall affect any enactment as it applies to the determination of any principal value for the purposes of estate duty.

Income and corporation tax: premiums on leases

27 The repeal by this Act of section 116(3) of the ^{M13}Finance Act 1972 shall not affect its application by paragraph 3 of Schedule 13 to that Act.

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Marginal Citations

M13 1972 c. 41.

Validity of subordinate legislation

- 28 So far as this Act re-enacts any provision contained in a statutory instrument made in exercise of powers conferred by any Act, it shall be without prejudice to the validity of that provision, and any question as to its validity L36 shall be determined as if the re-enacted provision were contained in a statutory instrument made under those powers.

Saving for Part II of this Schedule

- 29 The provisions of this Part of this Schedule are without prejudice to the generality of Part II of this Schedule.

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