



Finance Act 1980

1980 CHAPTER 48

PART III

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER III

CAPITAL GAINS

77 Exemption for first £3,000 of gains of individuals.

(1) Section 5 of the Capital Gains Tax Act 1979 and Schedule 1 to that Act (relief for gains less than £9,500) shall have effect with the following amendments, being amendments which substitute an exemption from tax in respect of the first £3,000 of the net gains accruing to an individual in a year of assessment.

(2) For subsections (1) to (3) of section 5 there shall be substituted—

“5 Exemption for first £3,000 of gains.

(1) An individual shall not be chargeable to capital gains tax in respect of so much of his taxable amount for any year of assessment as does not exceed £3,000.”

(3) In subsections (4) and (5)(a) of section 5 for “£1,000”, wherever it occurs, there shall be substituted “£3,000”.

(4) In Schedule 1—

(a) the heading shall be changed to **“EXEMPTION FOR FIRST £3,000 OF GAINS”**;

[^{F1}(b) in paragraphs 2(1) and (2)(b) for the words “subsections (1) to (4)” there shall be substituted the words “subsections (1) and (4)”;

(c) in paragraphs 4 and 5(1) for the words “subsections (1) to (5)” there shall be substituted the words “subsections (1), (4) and (5)”;

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[^{F2}(d) in paragraph 2(1) for the words “the amounts of £1,000, £5,000 and £600” there shall be substituted the words “the amount of £3,000” and in paragraph 2(1)(b) for “£1,000” there shall be substituted “£3,000”.]

(5) This section has effect for the year 1980-81 and subsequent years of assessment.

Textual Amendments

- F1** S. 77(4)(b) repealed by Finance Act 1988 (c. 39, SIF 63:1, 2), s.148 and Sch. 14 Part VIII for 1990–91 and subsequent years.
- F2** S. 77(4)(d) repealed by Finance Act 1988 (c. 39, SIF 63:1, 2), s.148 and Sch. 14 Part VIII for 1990–91 and subsequent years.

Modifications etc. (not altering text)

- C1** Part of the text of s. 77(2) is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and does not reflect any amendments or repeals which may have been made prior to 1.2.1991

78 Exemption for first £1,500 of gains of trusts.

- (1) Paragraph 6 of Schedule 1 to the Capital Gains Tax Act 1979 (relief for small gains by trustees) shall have effect with the following amendments, being amendments which extend to trustees, with modifications, the exemption conferred by section 5 of that Act as amended by section 77 above.
- (2) In sub-paragraph (1) for the words “subsections (1) to (5)” there shall be substituted the words “subsections (1), (4) and (5)”.
- (3) For sub-paragraphs (2) to (5) there shall be substituted—
- “(2) In subsections (1) and (4) for “£3,000” there shall be substituted “£1,500”.
- (3) Subsection (5) shall apply only to the trustees of a settlement made before 7th June 1978 and, in relation to such trustees, shall have effect with the substitution for “£3,000” and “£5,000” of “£500” and “£2,500” respectively.
- (4) In relation to a settlement which is one of two or more qualifying settlements comprised in a group, sub-paragraph (2) above shall have effect as if for the reference to £1,500 there were substituted a reference to £300 or, if it is more, to such amount as results from dividing £1,500 by the number of settlements in the group.
- (5) For the purposes of sub-paragraph (4) above—
- (a) a qualifying settlement is any settlement (other than an excluded settlement) which is made after 6th June 1978 and to the trustees of which this paragraph applies for the year of assessment; and
- (b) all qualifying settlements in relation to which the same person is the settlor constitute a group.
- (6) If, in consequence of two or more persons being settlors in relation to it, a settlement is comprised in two or more groups comprising different numbers of settlements, sub-paragraph (4) above shall apply to it as if the number by which the amount of £1,500 is to be divided were the number of settlements in the largest group.

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- (7) In this paragraph “settlor” has the meaning given by section 454(3) of the Taxes Act and includes, in the case of a settlement arising under a will or intestacy, the testator or intestate and “excluded settlement” means—
- (a) any settlement the trustees of which are not for the whole or any part of the year of assessment treated under section 52(1) of this Act as resident and ordinarily resident in the United Kingdom; and
 - (b) any settlement the property comprised in which—
 - (i) is held for charitable purposes only and cannot become applicable for other purposes; or
 - (ii) is held for the purposes of any such scheme or fund as is mentioned in sub-paragraph (8) below (retirement benefits and compensation funds).
- (8) The schemes and funds referred to in sub-paragraph (7)(b)(ii) above are funds to which section 218 of the Taxes Act applies, schemes and funds approved under section 226 or 226A of that Act, sponsored superannuation schemes as defined in section 226(11) of that Act, exempt approved schemes and statutory schemes as defined in Chapter II of Part II of the Finance Act 1970 and any such fund as is mentioned in paragraph 21 of Schedule 5 to the Finance Act 1975.
- (9) An inspector may by notice in writing require any person, being a party to a settlement, to furnish him within such time as he may direct (not being less than twenty-eight days) with such particulars as he thinks necessary for the purposes of this paragraph.”
- (4) This section has effect for the year 1980–81 and subsequent years of assessment.

Modifications etc. (not altering text)

- C2** Part of the text of s. 78(3) is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and does not reflect any amendments or repeals which may have been made prior to 1.2.1991

[^{F3}79 General relief for gifts.

- (1) If after 5th April 1980 an individual (in this section referred to as “the transferor”) makes a disposal, otherwise than under a bargain at arm’s length, to an individual resident or ordinarily resident in the United Kingdom (in this section referred to as “the transferee”) and the transferor and transferee make a claim for relief under this section—
- (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.
- (2) Subject to subsection (3) below, the reference in subsection (1) 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.

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- (3) 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 [^{F4}any provision] of the Capital Gains Tax Act 1979) 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 of that Act,
- 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 [^{F5}Schedule 20 to the Finance Act 1985] (retirement relief), by so much, if any, of that excess as exceeds the part so relieved.
- (4) Section 126 of the said Act of 1979 (relief for gifts of business assets) shall not apply to a disposal to an individual ^{F6}
- (5) Where a disposal in respect of which a claim is made under this section is [^{F7}(or proves to be)] a chargeable transfer (for capital transfer tax purposes) there shall be allowed as a deduction in computing (for capital gains tax purposes) 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 capital transfer tax [^{F8}attributable to the value of the asset]; and
 - (b) the amount of the chargeable gain as computed apart from this subsection;
- ^{F9}[^{F10}and, in the case of a disposal which, being a potentially exempt transfer, proves to be a chargeable transfer, all necessary adjustments shall be made, whether by the discharge or repayment of capital gains tax or otherwise].
- (6) Where an amount of capital transfer tax—
- (a) falls to be re-determined in consequence of the transferor's death within [^{F10}seven years] of making the chargeable transfer in question; or
 - (b) is otherwise varied,
- after it has been taken into account under subsection (5) 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.]

Textual Amendments

- F3** S. 79 repealed by Finance Act 1989 (c. 26), s. 187 and Sch. 17 Part VII in relation to disposals on or after 14 March 1989 (except where relief given under s.79 in respect of a disposal before that date).
- F4** Finance Act 1981 (c. 35), s. 78(2) in relation to disposals after 5 April 1981.
- F5** Finance Act 1985 (c. 54), s. 70(10).
- F6** Words repealed by Finance Act 1982 (c. 39), ss. 82, 157 and Sch. 22 Part VI in relation to disposals on or after 6 April 1982.
- F7** Finance Act 1986 (c. 41), s. 101(2) for transfers of value made, and other events occurring, on or after 18 March 1986.
- F8** Finance Act 1982 (c. 39), s. 82(3)(a) in relation to disposals on or after 6 April 1982.
- F9** Words repealed by Finance Act 1982 (c. 39), ss. 82, 157 and Sch. 22 Part VI in relation to disposals on or after 6 April 1982.
- F10** Finance Act 1986 (c. 41), s. 101(2) for transfers of value made, and other events occurring, on or after 18 March 1986.

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Modifications etc. (not altering text)

- C3** See—[Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), [Sch. 28 para.3\(3\)](#)—s.79 not to affect the computation of the unindexed gain accruing on a material disposal to which ss. 757–764 of that Act apply if the disposal is made other than under a bargain at arm's length and a claim for relief under s. 79 is made.
- C4** See [Finance Act 1988 \(c. 39, SIF 63:1, 2\)](#), [s. 97](#) and Sch. 9 para. 2(3)—deferred charges on gains before 31 March 1982.

80 Exemption for private residences.

- (1) Where a gain to which section 101 of the Capital Gains Tax Act 1979 (disposals of private residences) applies accrues to any individual and the dwelling-house in question or any part of it is or has at any time in his period of ownership been wholly or partly let by him as residential accommodation the part of the gain, if any, which, apart from this section would be a chargeable gain by reason of the letting, shall be such a gain only to the extent, if any, to which it exceeds whichever is the lesser of—
- the part of the gain which is not a chargeable gain by virtue of the provisions of section 102 of that Act or that section as applied by section 104 of that Act; and
 - [^{F11}£20,000].
- (2) In section 102(1) and (2)(a) of that Act (exemption for gain on disposal of dwelling-house which has been an individual's only or main residence throughout the period of ownership or throughout that period except for the last twelve months) for the words "twelve months" there shall be substituted the words "twenty-four months".
- (3) This section has effect in relation to disposals after 5th April 1980.

Textual Amendments

- F11** [Finance Act 1984 \(c. 43\)](#), [s. 63\(3\)](#) in relation to disposals on or after 6 April 1983.

81 Exemption for authorised unit trusts etc.

- (1) Gains accruing to an authorised unit trust, an investment trust or a court investment fund shall not be chargeable gains.
- (2) In section 267(3) of the Taxes Act (transfer of assets on company reconstruction etc.), the words "or 97" shall be omitted and at the end there shall be inserted the words "or which is an authorised unit trust within the meaning of Chapter VI of Part XII of this Act or to an investment trust within the meaning of that Chapter."
- (3) In subsection (1) of section 98 of the Capital Gains Tax Act 1979 (which refers to the said section 267) for the words from "to which at the time of the transfer" to "shall be treated" there shall be substituted the words "or a company which at the time of the transfer was not such a unit trust scheme or investment trust as is mentioned in subsection (3) of that section, then if—
- at any time after the transfer—
 - the unit trust scheme becomes in a year of assessment one which is such as is mentioned in that subsection; or

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- (ii) the company becomes for an accounting period an investment trust such as is there mentioned, and
- (b) at the beginning of that year of assessment or accounting period the unit trust scheme or company still owns any of the assets of the business transferred,
- the unit trust scheme or company shall be treated ”; and in subsection (2) of that section after the words “year of assessment” and “unit trust scheme” there shall be inserted respectively the words “or accounting period” and “or company”.
- (4) In section 273(2) of the Taxes Act (transfers within a group) after paragraph (b) there shall be inserted the words “or
- (c) a disposal by or to an investment trust within the meaning of Chapter VI of Part XII of this Act;”.
- (5) After section 275(2) of the Taxes Act (disposals outside a group) there shall be inserted—
- “(3) Subsection (2) above does not apply where the asset was acquired on a disposal within section 273(2)(c) above.”
- (6) Section 94 of the said Act of 1979 (reduction of tax on disposal of shares in unit trust etc.) shall cease to have effect.
- (7) Subsections (1), (4) and (5) above have effect in relation to disposals after 31st March 1980, subsections (2) and (3) above have effect where the transfer referred to in section 267(3) is after that date and subsection (6) above has effect in relation to disposals after 5th April 1980.

Modifications etc. (not altering text)

- C5** Part of the text of s. 81(2)–(5) is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and does not reflect any amendments or repeals which may have been made prior to 1.2.1991

82 **F12**

Textual Amendments

- F12** S. 82 repealed by [Finance Act 1984 \(c. 43\)](#), [s. 128\(6\)](#) and Sch. 23 Part VIII for disposals on or after 6 April 1984 and expressed to be repealed (6.3.1992 with effect as mentioned in s. 289(1)(2) of the repealing Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\)](#), s. 290, [Sch.12](#) (with ss. 60, 101(1), 201(3), Sch. 11 paras. 22, 26(2), 27).

83 Consideration on disposal of assets.

- (1) In section 31(2) of the Capital Gains Tax Act 1979 (consideration on disposal of an asset to include money or money’s worth which is taken into account in the making of a balancing charge under the Capital Allowances Act 1968) there shall be inserted at the end the words “or which is brought into account as the disposal value of machinery or plant under section 44 of the Finance Act 1971”.

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1980, Chapter III. (See end of Document for details)

(2) This section has effect in relation to disposals after 25th March 1980.

Modifications etc. (not altering text)

- C6** Part of the text of s. 83(1) is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and does not reflect any amendments or repeals which may have been made prior to 1.2.1991

84 Traded options.

(1) Sections 137 and 138 of the Capital Gains Tax Act 1979 (options) shall have effect with the following amendments, being amendments which exempt traded options to buy or sell shares in a company from the rule that the abandonment of an option is not a disposal and from the restriction of allowable expenditure which applies to wasting assets.

(2) ^{F13}

(5) In subsection (2) of section 138 for the words in brackets there shall be substituted the words “(other than an option falling within subsection (1)(a) or (aa) above)”.

(6) For subsection (4)(a) of section 138 there shall be substituted—
“(a) “quoted option” and “traded option” have the meanings given by section 137(9) above.”.

(7) This section has effect in relation to any abandonment or other disposal on or after 6th April 1980.

Textual Amendments

- F13** S. 84(2)–(4) repealed by Finance (No. 2) Act 1987 (c. 51), s. 104(4) and Sch. 9 Part II

Modifications etc. (not altering text)

- C7** Part of the text of s. 84(5)(6) is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and does not reflect any amendments or repeals which may have been made prior to 1.2.1991

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Changes to legislation:

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