



Finance Act 1982

1982 CHAPTER 39

PART III

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER III

CAPITAL GAINS

84 Termination of life interest etc.

- (1) In section 55 of the Capital Gains Tax Act 1979, in subsection (1), for the words from the beginning to "market value of the asset" there shall be substituted—

“On the termination, on the death of the person entitled to it, of a life interest in possession in all or any part of settled property—

- (a) the whole or a corresponding part of each of the assets forming part of the settled property and not ceasing at that time to be settled property shall be deemed for the purposes of this Act at that time to be disposed of and immediately re-acquired by the trustee for a consideration equal to the whole or a corresponding part of the market value of the asset; but

- (b) no chargeable gain shall accrue on that disposal.

and subsection (2) of that section shall cease to have effect.”;

- (2) In section 56 of that Act, after subsection (1) there shall be inserted—

“(1A) Where the life interest referred to in subsection (1) above is an interest in part only of the settled property to which section 54 applies, subsection (1)(a) above shall not apply but any chargeable gain accruing on the disposal shall be reduced by a proportion corresponding to that represented by the part.

Status: This is the original version (as it was originally enacted).

(1B) The last sentence of subsection (1) of section 55 above, and subsection (6) of that section, shall apply for the purposes of subsection (1A) above as they apply for the purposes of section 55(1).”;

and subsection (2) of section 56 shall cease to have effect.

(3) After section 56 of that Act there shall be inserted—

**“56A Effect on sections 55 and 56 of relief under Finance Act 1980,
section 79.**

(1) This section applies where—

- (a) a claim for relief was made under section 79 of the Finance Act 1980 in respect of the disposal of an asset to a trustee, and
- (b) the trustee is deemed to have disposed of the asset, or part of it, by virtue of section 54(1) or 55(1)(a) above.

(2) Sections 56(1)(a) and 55(1)(b) shall not apply to the disposal of the asset or part by the trustee, but any chargeable gain accruing to the trustee on the disposal shall be restricted to the amount of the held-over gain (or a corresponding part of it) on the disposal of the asset to him.

(3) Subsection (2) above shall not have effect in a case within section 56(1A) above ; but in such a case the reduction provided for by section 56(1A) above shall be diminished by an amount equal to the proportion there mentioned of the held-over gain.

(4) In this section " held-over gain " has the same meaning as in section 79(1) of the Finance Act 1980.”

(4) This section applies in relation to interests terminating on or after 6th April 1982.