



Finance Act 1989

1989 CHAPTER 26

PART II

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER III

CAPITAL GAINS

Non-residents etc.

127 Non-residents: deemed disposals.

- (1) Where an asset ceases by virtue of becoming situated outside the United Kingdom to be a chargeable asset in relation to a person, he shall be deemed for all purposes of the ^{M1}Capital Gains Tax Act 1979—
 - (a) to have disposed of the asset immediately before the time when it became situated outside the United Kingdom, and
 - (b) immediately to have reacquired it, at its market value at that time.
- (2) Subsection (1) above does not apply—
 - (a) where the asset becomes situated outside the United Kingdom contemporaneously with the person there mentioned ceasing to carry on a trade in the United Kingdom through a branch or agency, or
 - (b) where the asset is an exploration or exploitation asset.
- (3) Where an asset ceases to be a chargeable asset in relation to a person by virtue of his ceasing to carry on a trade in the United Kingdom through a branch or agency, he shall be deemed for all purposes of the Capital Gains Tax Act 1979—
 - (a) to have disposed of the asset immediately before the time when he ceased to carry on the trade in the United Kingdom through a branch or agency, and

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1989, Section 127. (See end of Document for details)

(b) immediately to have reacquired it,
 at its market value at that time.

[^{F1}(3A) Subsection (3) above shall not apply to an asset by reason of a transfer of the whole or part of the long term business of an insurance company to another company if section 267 of the Taxes Act 1970 has effect in relation to the asset by virtue of section 267A of that Act.]

(4) Subsection (3) above does not apply to an asset which is a chargeable asset in relation to the person there mentioned at any time after he ceases to carry on the trade in the United Kingdom through a branch or agency and before the end of the chargeable period in which he does so.

(5) In this section—

“exploration or exploitation asset” means an asset used in connection with exploration or exploitation activities carried on in the United Kingdom or a designated area, and

“designated area” and “exploration or exploitation activities” have the same meanings as in section 38 of the ^{M2}Finance Act 1973.

(6) For the purposes of this section an asset is at any time a chargeable asset in relation to a person if, were it to be disposed of at that time, any chargeable gains accruing to him on the disposal—

(a) would be gains in respect of which he would be chargeable to capital gain tax under section 12(1) of the Capital Gains Tax Act 1979 (non-resident with United Kingdom branch or agency), or

(b) would form part of his chargeable profits for corporation tax purposes by virtue of section 11(2)(b) of the Taxes Act 1988 (non-resident companies).

(7) Subsection (1) above shall apply where an asset ceases to be situated in the United Kingdom on or after 14th March 1989.

(8) Subsection (3) above shall apply where a person ceases to carry on a trade in the United Kingdom through a branch or agency on or after 14th March 1989.

(9) This section shall apply as if references to a trade included references to a profession or vocation.

Textual Amendments

F1 S. 127(3A) inserted by Finance Act 1990 (c. 29, SIF 63:1), s. 48, Sch. 9 paras. 2, 7

Modifications etc. (not altering text)

C1 S. 127(3) excluded by Taxes Act 1970 (c. 10, SIF 63:1), s. 273A(2)(b) (as inserted by Finance Act 1990 (c. 29, SIF 63:1), s. 70(1)(9))
 s. 127(3) excluded (*retrospectively*) by Income and Corporation Taxes Act 1970 (c. 10), s. 269A(4)(b) as inserted (16.7.92 but deemed always to have had effect) by (Finance (No. 2) Act 1992 (c. 48), s. 47

Marginal Citations

M1 1979 c. 14.

M2 1973 c. 51.

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