



Taxation of Chargeable Gains Act 1992

1992 CHAPTER 12

PART I **U.K.**

CAPITAL GAINS TAX AND CORPORATION TAX ON CHARGEABLE GAINS

Capital gains tax

2 **Persons and gains chargeable to capital gains tax, and allowable losses.** **U.K.**

(1) Subject to any exceptions provided by this Act, and without prejudice to sections 10 and 276, a person shall be chargeable to capital gains tax in respect of chargeable gains accruing to him in a year of assessment [^{F1}if the residence condition is met].

[^{F2}(1A) The residence condition is—

- (a) in the case of an individual, that the individual is resident in the United Kingdom for the year in question,
- (b) in the case of personal representatives of a deceased person, that the single and continuing body mentioned in section 62(3) is resident in the United Kingdom,
- (c) in the case of the trustees of a settlement, that the single person mentioned in section 69(1) is resident in the United Kingdom during any part of the year in question, and
- (d) in any other case, that the person is resident in the United Kingdom when the gain accrues.]

[^{F3}(1B) If the year is a split year as respects an individual, the individual is not chargeable to capital gains tax in respect of any chargeable gains accruing to the individual in the overseas part of that year.

(1C) But subsection (1B)—

- (a) does not apply to chargeable gains in respect of which the individual would have been chargeable to capital gains tax under section 10, had the individual been not resident in the UK for the year, and
- (b) is without prejudice to section 10A.]

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- (2) Capital gains tax shall be charged on the total amount of chargeable gains accruing to the person chargeable in the year of assessment [^{F4}or, where subsection (1B) applies, the UK part of that year], after deducting—
 - (a) any allowable losses accruing to that person in that year of assessment [^{F5}or that part (as the case may be)], and
 - (b) so far as they have not been allowed as a deduction from chargeable gains accruing in any previous year of assessment, any allowable losses accruing to that person in any previous year of assessment (not earlier than the year 1965-66).

[^{F6}(2A) Where subsection (1B) applies, the amounts that may be deducted under subsection (2) (a) include any allowable NRCGT losses accruing to the person in the overseas part of the tax year concerned (see section 14B(4)).

(2B) The amounts that may be deducted under subsection (2)(b) include any allowable NRCGT losses (other than group losses, as defined in section 188E(4)) accruing to the person in a tax year (“year P”) previous to the year mentioned in subsection (2) (a) (so far as those losses have not been allowed as a deduction from chargeable gains accruing in year P or any previous year.)]

(3) Except as provided by section 62, an allowable loss accruing in a year of assessment shall not be allowable as a deduction from chargeable gains accruing in any earlier year of assessment, and relief shall not be given under this Act more than once in respect of any loss or part of a loss, and shall not be given under this Act if and so far as relief has been or may be given in respect of it under the Income Tax Acts.

[^{F7}(4) If chargeable gains are treated by virtue of section 87 or 89(2) as accruing to a person in a tax year (“the relevant deemed gains”)—

- (a) subsection (2) has effect as if the relevant deemed gains had not accrued, and
- (b) the amount on which the person is charged to capital gains tax for that year is the sum of—
 - (i) the amount given by subsection (2) as it has effect by virtue of paragraph (a), and
 - (ii) the amount of the relevant deemed gains.

(5) In subsection (4) the reference to section 87 or 89(2) is to that section read, where appropriate, with section 10A.]

[^{F8}(7) Where in any year of assessment—

- (a) there are amounts treated as accruing to a person by virtue of section ^{F9}... 86,
- (b) two or more of those amounts, or elements of them—
 - (i) relate to different settlements, ^{F10}...
 - ^{F10}(ii)
- (c) losses are deductible from the amounts or elements mentioned in paragraph (b) above ^{F11}... but are not enough to exhaust them all,

the deduction applicable to each of the ^{F12}... amounts shall be the appropriate proportion of the aggregate of those losses.

The “appropriate proportion” is that given by dividing the ^{F12}... amount in question by the total of the ^{F12}... amounts.

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[Nothing in this section applies in relation to an ATED-related gain chargeable to, or ^{F13}(7A) an ATED-related loss allowable for the purposes of, capital gains tax by virtue of section 2B.]

[Except where otherwise specified (see subsections (2A) and (2B)), nothing in this ^{F14}(7B) section applies in relation to an NRCGT gain chargeable to, or an NRCGT loss allowable for the purposes of, capital gains tax by virtue of section 14D or 188D.]

^{F15}(8)]

Textual Amendments

- F1** Words in s. 2(1) substituted (with effect in accordance with Sch. 46 para. 112 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 75\(2\)](#)
- F2** S. 2(1A) inserted (with effect in accordance with Sch. 46 para. 112 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 75\(3\)](#)
- F3** S. 2(1B)(1C) inserted (with effect in accordance with Sch. 45 para. 153(2) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 45 para. 93\(2\)](#)
- F4** Words in s. 2(2) inserted (with effect in accordance with Sch. 45 para. 153(2) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 45 para. 93\(3\)\(a\)](#)
- F5** Words in s. 2(2)(a) inserted (with effect in accordance with Sch. 45 para. 153(2) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 45 para. 93\(3\)\(b\)](#)
- F6** S. 2(2A)(2B) inserted (with effect in accordance with Sch. 7 para. 60 of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 7 para. 3\(2\)](#)
- F7** S. 2(4)(5) substituted for s. 2(4)-(6) (with effect in accordance with Sch. 2 para. 56(3) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 24\(2\)](#)
- F8** S. 2(6)-(8) inserted (with effect in accordance with Sch. 11 paras. 7, 8 of the amending Act) by [Finance Act 2002 \(c. 23\)](#), [Sch. 11 para. 2\(4\)](#)
- F9** Words in s. 2(7)(a) omitted (with effect in accordance with Sch. 2 para. 22 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 2](#)
- F10** S. 2(7)(b)(ii) and preceding word omitted (with effect in accordance with Sch. 2 para. 56(3) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 24\(3\)\(a\)](#)
- F11** Words in s. 2(7)(c) omitted (with effect in accordance with Sch. 2 para. 56(3) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 24\(3\)\(b\)](#)
- F12** Words in s. 2(7) omitted (with effect in accordance with Sch. 2 para. 56(3) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 24\(3\)\(c\)](#)
- F13** S. 2(7A) inserted (with effect in accordance with Sch. 25 para. 20 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 25 para. 3](#)
- F14** S. 2(7B) inserted (with effect in accordance with Sch. 7 para. 60 of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 7 para. 3\(3\)](#)
- F15** S. 2(8) omitted (with effect in accordance with Sch. 2 para. 56(3) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 24\(4\)](#)

Modifications etc. (not altering text)

- C1** S. 2(1) applied (with effect in accordance with art. 1(2)(3), Sch. 1 of the amending S.I.) by [The Offshore Funds \(Tax\) Regulations 2009 \(S.I. 2009/3001\)](#), [regs. 1\(1\)](#), [22\(1\)\(a\)](#)
- C2** S. 2(1) extended by [The Authorised Investment Funds \(Tax\) Regulations 2006 \(S.I. 2006/964\)](#), [reg. 850](#) (as inserted (with effect in accordance with [reg. 1\(2\)](#) of the amending S.I.) by [S.I. 2010/294](#), [regs. 1\(1\)](#), [21](#))

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^{F16}2A Taper relief. U.K.

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Textual Amendments

F16 S. 2A omitted (with effect in accordance with Sch. 2 para. 56(3) of the amending Act) by virtue of Finance Act 2008 (c. 9), [Sch. 2 para. 25](#)

^{F17}2B Persons chargeable to capital gains tax on ATED-related gains U.K.

- (1) A person (other than an excluded person) (“P”) is chargeable to capital gains tax in respect of any ATED-related chargeable gain accruing to P in a tax year on a relevant high value disposal.
- (2) A person is “excluded” if the person is an individual, the trustees of a settlement or the personal representatives of a deceased person and—
 - (a) the gain accrues on a disposal of any partnership assets and the person is a member of the partnership, or
 - (b) the gain accrues on a disposal of any property held for the purposes of a relevant collective investment scheme and the person is a participant in relation to the scheme.
- (3) Capital gains tax is charged on the total amount of ATED-related chargeable gains accruing to P in the tax year on relevant high value disposals, after deducting ring-fenced ATED-related allowable losses in relation to that year.
- (4) Subsections (5) to (7) apply in relation to an ATED-related allowable loss accruing to P in a tax year on a relevant high value disposal.
- (5) The loss is not allowable as a deduction from ATED-related chargeable gains accruing in any earlier tax year on relevant high value disposals.
- (6) Relief is not to be given under this Act more than once in respect of the loss or any part of the loss.
- (7) Relief is not to be given under this Act in respect of the loss if, and so far as, relief has been or may be given in respect of it under the Tax Acts.
- (8) The only deductions which can be made from ATED-related chargeable gains are those permitted by this section.
- (9) See section 57A and Schedule 4ZZA for how to compute—
 - (a) the ATED-related gain or loss accruing on a relevant high value disposal, and
 - (b) the gain or loss accruing on a relevant high value disposal which is not ATED-related.
- (10) In this section—

“participant”, in relation to a relevant collective investment scheme, is to be read in accordance with section 235 of the Financial Services and Markets Act 2000;

“relevant collective investment scheme” means a collective investment scheme within the meaning of Part 17 of that Act (see section 235 of that Act) other than—

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- (a) a unit trust scheme within the meaning of that Part (see section 237(1) of that Act), or
 - (b) an open-ended investment company within the meaning of that Part (see section 236(1) of that Act);
- “ring-fenced ATED-related allowable losses”, in relation to a tax year, means—
- (a) any ATED-related allowable losses accruing to P in the tax year on relevant high value disposals, and
 - (b) so far as they have not been allowed as a deduction [^{F18}from chargeable gains accruing in any previous tax year,] any ATED-related allowable losses accruing to P in any previous tax year (not earlier than the tax year 2013-14) on such disposals.

Textual Amendments

- F17** Ss. 2B-2F inserted (with effect in accordance with Sch. 25 para. 20 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 25 para. 4](#)
- F18** Words in s. 2B(10) substituted (with effect in accordance with Sch. 7 para. 60 of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 7 para. 4](#)

2C “Relevant high value disposal” **U.K.**

- (1) A disposal on which a gain or loss accrues to P is a “relevant high value disposal” if conditions A to D are met.
- (2) Condition A is that the disposal is of the whole or part of a chargeable interest (“the disposed of interest”).
- (3) Condition B is that the disposed of interest has, at any time during the relevant ownership period, been or formed part of a single-dwelling interest.
- (4) Condition C is that—
 - (a) P, or
 - (b) if the disposed of interest is a partnership asset, the responsible partners, or
 - (c) if the disposed of interest is held for the purposes of a relevant collective investment scheme, the person who has day-to-day control over the management of the property subject to the scheme,has or have been within the charge to annual tax on enveloped dwellings with respect to that single-dwelling interest on one or more days in the relevant ownership period which are not relievable days in relation to the interest.
- (5) Condition D is that the amount or value of the consideration for the disposal exceeds the threshold amount (see section 2D).
- (6) In this section and section 2D—
 - “chargeable interest” has the same meaning as in Part 3 of the Finance Act 2013 (annual tax on enveloped dwellings) (see section 107 of that Act (chargeable interest));
 - “dwelling” has the same meaning as in that Part (see section 112 of that Act);

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“relevant collective investment scheme” has the same meaning as in section 2B;

“the relevant ownership period” means the period which begins—

- (a) if an election has been made under paragraph 5 of Schedule 4ZZA, with the day on which P acquired the chargeable interest or, if later, 31 March 1982, and
- (b) in any other case, with the day on which P acquired the chargeable interest or, if later, [^{F19}6 April in the relevant year],

and ends with the day before the day on which the disposal occurs;

[^{F20}“the relevant year” means—

- (a) in Case 1 in paragraph 2 of Schedule 4ZZA, 2013;
- (b) in Case 2 in that paragraph, 2015;
- (c) in Case 3 in that paragraph, 2016;]

“relievable day” means a day which is “relievable” by virtue of any of the provisions mentioned in section 132 of the Finance Act 2013 (ATED: effect of reliefs) and in respect of which a claim has been made under section 106(3) of that Act;

“the responsible partners” has the same meaning as in section 96 of that Act;

“single-dwelling interest” has the same meaning as in Part 3 of that Act; and a reference to being “within the charge” to annual tax on enveloped dwellings with respect to a single-dwelling interest is to be read in accordance with section 170(2) of that Act.

(7) For the purposes of Condition C—

- (a) Part 3 of the Finance Act 2013 applies, in relation to any part of the relevant ownership period falling before 1 April 2013, as if section 94(8)(a) of that Act (first chargeable period for ATED) read “the period beginning with 31 March 1982 and ending with 31 March 1983”, and
- (b) when determining whether any day falling before [^{F21}1 April in the relevant year] is a relievable day, the definition of “relievable day” in subsection (6) above is to read as if the words “and in respect of which a claim has been made under section 106(3) of that Act” were omitted.

Textual Amendments

F17 Ss. 2B-2F inserted (with effect in accordance with Sch. 25 para. 20 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 25 para. 4](#)

F19 Words in s. 2C(6) substituted (26.3.2015) by [Finance Act 2015 \(c. 11\)](#), [Sch. 8 para. 2\(2\)](#)

F20 Words in s. 2C(6) inserted (26.3.2015) by [Finance Act 2015 \(c. 11\)](#), [Sch. 8 para. 2\(3\)](#)

F21 Words in s. 2C(7)(b) substituted (26.3.2015) by [Finance Act 2015 \(c. 11\)](#), [Sch. 8 para. 2\(4\)](#)

2D “The threshold amount” **U.K.**

(1) This section applies to determine “the threshold amount” in relation to a disposal which meets Conditions A to C in section 2C (“the current disposal”).

(2) If—

- (a) the current disposal is not a part disposal of an asset, and

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- (b) P has not made any relevant related disposals, the threshold amount is [^{F22}£1 million], subject to subsection (5) (joint interests).
- (3) If paragraphs (a) and (b) of subsection (2) do not both apply, the threshold amount is the relevant fraction of [^{F23}£1 million], subject to subsection (5) (joint interests).
- (4) “The relevant fraction” is—
- C TMV
- where—
- “C” is the amount or value of the consideration for the current disposal;
- “TMV” is what would be the market value, at the time of the current disposal, of a notional asset comprising—
- (a) the disposed of interest (see section 2C(2)),
 - (b) if the current disposal is a part disposal, any part of the chargeable interest held by P that remains undisposed of immediately following that part disposal,
 - (c) any chargeable interest (or part of a chargeable interest) which was the subject of a relevant related disposal, and
 - (d) any chargeable interest (or part of a chargeable interest) held by P at the time of the current disposal which, if P had disposed of it at that time, would have been the subject of a relevant related disposal.
- (5) If the disposed of interest is a share of the whole of—
- (a) a chargeable interest, or
 - (b) a part of a chargeable interest,
- subsections (2) and (3) have effect as if the references to [^{F24}“£1 million”] were to the joint share fraction of that amount.
- (6) The joint share fraction is the fraction of the whole of the chargeable interest or part represented by the disposed of interest.
- (7) “Relevant related disposal”, in relation to the current disposal, means any disposal by P which—
- (a) meets Conditions A to C in section 2C in circumstances where the single-dwelling interest referred to in Condition C is—
 - (i) the single-dwelling interest by virtue of which Condition C is met in relation to the current disposal, or
 - (ii) another single-dwelling interest in the same dwelling as that interest, and
 - (b) was made in the period of 6 years ending with the day on which the current disposal occurs, but not before 6 April 2013.

Textual Amendments

- F17** Ss. 2B-2F inserted (with effect in accordance with Sch. 25 para. 20 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 25 para. 4](#)
- F22** Sum in s. 2D(2) substituted (with effect in relation to disposals occurring in the tax year 2015-16 in accordance with Sch. 8 para. 3(5) of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 8 para. 3\(2\)](#)
- F23** Sum in s. 2D(3) substituted (with effect in relation to disposals occurring in the tax year 2015-16 in accordance with Sch. 8 para. 3(5) of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 8 para. 3\(3\)](#)

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F24 Sum in s. 2D(5) substituted (with effect in relation to disposals occurring in the tax year 2015-16 in accordance with Sch. 8 para. 3(5) of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 8 para. 3\(4\)](#)

2E **Restriction of losses** U.K.

- (1) This section applies where (ignoring this section)—
- (a) a disposal would be a relevant high value disposal, but for a failure to meet condition D in section 2C,
 - (b) if it were a relevant high value disposal, an ATED-related loss would accrue to a person (other than an excluded person) in a tax year on the disposal, and
 - (c) the total of the sums allowable as a deduction under section 38 in relation to the disposal exceeds the threshold amount in relation to the disposal.
- (2) For the purposes of this Act—
- (a) the disposal is to be treated as a relevant high value disposal (and section 57A and Schedule 4ZZA apply accordingly), and
 - (b) the ATED-related loss which accrues on the disposal is to be restricted to the amount which would have been that loss had the consideration for the disposal been £1 greater than the threshold amount in relation to the disposal.
- (3) In a case where paragraph 2 of Schedule 4ZZA applies (calculation of gains or losses on disposals of assets held on 5 April 2013 [^{F25}etc]), the reference in subsection (1) (c) to the disposal is to be read as a reference to the notional disposal referred to in paragraph 3(2) of that Schedule (disposal on which notional [^{F26}post-commencement] gain or loss accrues).
- (4) Nothing in subsection (2)(b) restricts any loss which is not ATED-related, or affects any gain (whether or not ATED-related), accruing on the relevant high value disposal.
- (5) In this section—
- “excluded” has the meaning given by section 2B(2);
 - “the threshold amount” has the meaning given by section 2D.

Textual Amendments

- F17** Ss. 2B-2F inserted (with effect in accordance with Sch. 25 para. 20 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 25 para. 4](#)
- F25** Word in s. 2E(3) inserted (26.3.2015) by [Finance Act 2015 \(c. 11\)](#), [Sch. 8 para. 5\(a\)](#)
- F26** Word in s. 2E(3) substituted (26.3.2015) by [Finance Act 2015 \(c. 11\)](#), [Sch. 8 para. 5\(b\)](#)

2F **Tapering relief for gains** U.K.

- (1) This section applies to an ATED-related gain which accrues on a relevant high value disposal and is chargeable to capital gains tax by virtue of section 2B.
- (2) There is excluded from the gain so much of it as exceeds five-thirds of the difference between—
- (a) the amount or value of the consideration, and
 - (b) the threshold amount (within the meaning of section 2D) in relation to the disposal.

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- (3) But where the relevant fraction is less than 1, subsection (2) has effect as if the amount determined under that subsection were the relevant fraction of that amount.
- (4) “The relevant fraction” —
- (a) in a case where the ATED-related gain is determined in accordance with paragraph 3 of Schedule 4ZZA, has the meaning given by paragraph 3(4) of that Schedule, and
 - (b) in a case where the ATED-related gain is determined in accordance with paragraph 6 of that Schedule, has the same meaning as in paragraph 6(5)(a) of that Schedule.
- (5) Nothing in this section restricts any gain which is not ATED-related, or affects any loss (whether or not ATED-related), accruing on the relevant high value disposal.]

Textual Amendments

F17 Ss. 2B-2F inserted (with effect in accordance with Sch. 25 para. 20 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 25 para. 4](#)

3 Annual exempt amount. **U.K.**

- (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 the exempt amount for the year.
- [^{F27}(1A) Subsection (1) does not apply to an individual for a tax year if section 809B of ITA 2007 (claim for remittance basis to apply) applies to the individual for that year.]
- [^{F28}(2) The exempt amount for a tax year is [^{F29}£11,000].]
- [^{F30}(3) If there is a relevant increase in [^{F31}CPI] in relation to a tax year—
- (a) the exempt amount is to be increased in accordance with Steps 1 and 2, and
 - (b) subsection (2) has effect from then on (for that and subsequent tax years) as if it referred to the increased amount,
- unless Parliament otherwise determines.
- (3A) There is a relevant increase in [^{F32}CPI] in relation to a tax year if the [^{F33}consumer prices index] for the September before the start of the tax year is higher than it was for the previous September.
- (3B) Steps 1 and 2 are—
- Step 1* Increase the exempt amount for the previous tax year by the same percentage as the percentage of the relevant increase in [^{F34}CPI].
 - Step 2* If the result of Step 1 is not a multiple of £100, round it up to the nearest multiple of £100.
- (4) If there is a relevant increase in [^{F35}CPI] in relation to a tax year, the Treasury must before the start of that tax year make an order showing the amount arrived at as a result of Steps 1 and 2.]
- [^{F36}(5) For the purposes of this section an individual’s taxable amount for any year of assessment [^{F37}is (what would apart from this section be) the total of the amounts for

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that year on which that individual is chargeable to capital gains tax in accordance with either (or both) of—

- (a) section 2 (gains, other than ATED-related gains and NRCGT gains, chargeable to capital gains tax), and
- (b) section 14D (NRCGT gains chargeable to capital gains tax).]

(5A) Where, in the case of any individual, the amount of the adjusted net gains for any year of assessment is equal to or less than the exempt amount for that year, no deduction shall be made for that year in respect of—

- (a) any allowable losses carried forward from a previous year; or
- (b) any allowable losses carried back from a subsequent year in which the individual dies.

(5B) Where, in the case of any individual, the amount of the adjusted net gains for any year of assessment exceeds the exempt amount for the year, the deductions made for that year in respect of allowable losses falling within subsection (5A)(a) or (b) above shall not be greater than the excess.

[^{F38}(5BA) In this section, “adjusted net gains”, in relation to a tax year and an individual, means—

- (a) if the residence condition is met (see section 2(1A)) and the year is not a split year as respects the individual, the section 2 adjusted net gains;
- (b) if the residence condition is not met, the section 14D adjusted net gains;
- (c) if the residence condition is met and the year is a split year as respects the individual, the total of the section 2 adjusted net gains (if any) and the section 14D adjusted net gains (if any).]

(5C) [^{F39}In subsection (5BA) “section 2 adjusted net gains”, in relation to an individual and a tax year, means the amount given in the individual's case by—]

- (a) taking the amount for that year from which the deductions for which section 2(2)(a) and (b) provides are to be made;

[^{F40}(aa) if section 16ZB (certain chargeable gains charged on remittance basis) applies for that year, deducting the amount of the relevant gains (within the meaning of that section),]

- (b) deducting [^{F41}(from the amount mentioned in paragraph (a), as reduced under paragraph (aa))] only the amounts falling to be deducted in accordance with section 2(2)(a); and
- (c) [^{F42}if section 2(4) applies for that year,], adding whichever is the smaller of the exempt amount for that year and the amount [^{F43}mentioned in section 2(4) (b)(ii)].]

[^{F44}(5D) In subsection (5BA) “section 14D adjusted net gains”, in relation to an individual and a tax year, means the amount given in the individual's case by—

- (a) taking the amount from which the deductions provided for by paragraphs (a) and (b) of subsection (2) of section 14D are to be made, and
- (b) deducting only the amounts falling to be deducted in accordance with paragraph (a) of that subsection.]

[^{F45}(6)

(7) For the year of assessment in which an individual dies and for the next 2 following years, [^{F46}subsections (1) to [^{F47}(5D)]] above shall apply to his personal representatives as they apply to an individual.

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- [^{F48}(7A) As they apply by virtue of subsection (7) above—
- (a) subsection (5A) has effect with the omission of paragraph (b), and
 - (b) subsection (5B) has effect with the omission of the words “or (b)”.]
- (8) Schedule 1 shall have effect as respects the application of this section to trustees.

Textual Amendments

- F27** S. 3(1A) inserted (with effect in accordance with Sch. 7 para. 81 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 56\(2\)](#)
- F28** S. 3(2) substituted (with effect in accordance with s. 8(4) of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [s. 8\(2\)](#)
- F29** Sum in s. 3(2) substituted (for the tax year 2014-15) by [Finance Act 2014 \(c. 26\)](#), [s. 8\(1\)](#)
- F30** S. 3(3)(3A)(3B)(4) substituted for s. 3(3)(4) (with effect in accordance with s. 8(6) of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [s. 8\(3\)](#)
- F31** Word in s. 3(3) substituted (for the tax year 2013-14 and subsequent tax years in accordance with s. 34(7) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [s. 34\(3\)\(a\)](#)
- F32** Words in s. 3(3A) substituted (for the tax year 2013-14 and subsequent tax years in accordance with s. 34(7) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [s. 34\(3\)\(a\)](#)
- F33** Words in s. 3(3A) substituted (for the tax year 2013-14 and subsequent tax years in accordance with s. 34(7) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [s. 34\(3\)\(b\)](#)
- F34** Words in s. 3(3B) substituted (for the tax year 2013-14 and subsequent tax years in accordance with s. 34(7) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [s. 34\(3\)\(a\)](#)
- F35** Words in s. 3(4) substituted (for the tax year 2013-14 and subsequent tax years in accordance with s. 34(7) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [s. 34\(3\)\(a\)](#)
- F36** S. 3(5)(5A)(5B)(5C) substituted for s. 3(5) (with effect in accordance with s. 121(4) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 21 para. 3](#)
- F37** Words in s. 3(5) substituted (with effect in accordance with Sch. 7 para. 60 of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 7 para. 5\(2\)](#)
- F38** S. 3(5BA) inserted (with effect in accordance with Sch. 7 para. 60 of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 7 para. 5\(3\)](#)
- F39** Words in s. 3(5C) substituted (with effect in accordance with Sch. 7 para. 60 of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 7 para. 5\(4\)](#)
- F40** S. 3(5C)(aa) inserted (with effect in accordance with Sch. 7 para. 81 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 56\(3\)\(a\)](#)
- F41** Words in s. 3(5C)(b) inserted (with effect in accordance with Sch. 7 para. 81 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 56\(3\)\(b\)](#)
- F42** Words in s. 3(5C)(c) substituted (with effect in accordance with Sch. 2 para. 56(3) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 26\(3\)\(a\)](#)
- F43** Words in s. 3(5C)(c) substituted (with effect in accordance with Sch. 2 para. 56(3) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 26\(3\)\(b\)](#)
- F44** S. 3(5D) inserted (with effect in accordance with Sch. 7 para. 60 of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 7 para. 5\(5\)](#)
- F45** S. 3(6) repealed (with application in accordance with Sch. 28 para.7 of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 28 para. 3\(2\)](#), [Sch. 43 Pt. 3\(7\)](#)
- F46** Words in s. 3(7) substituted (with application in accordance with Sch. 28 para.7 of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 28 para. 3\(3\)](#)
- F47** Word in s. 3(7) substituted (with effect in accordance with Sch. 7 para. 60 of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 7 para. 5\(6\)](#)
- F48** S. 3(7A) inserted (retrospectively) by [Finance Act 2003 \(c. 14\)](#), [Sch. 28 paras. 3\(4\)](#), [8](#)

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Modifications etc. (not altering text)

- C3** S. 3 amended (for the year 1993-1994) by [S.I. 1993/760, art. 2](#)
 S. 3 modified (for the year 1993-1994) by [1993 c. 34, s. 82](#)
- C4** S. 3 excluded (22.7.2004) by [Finance Act 2004 \(c. 12\), s. 109\(2\)\(b\)](#)
- C5** S. 3(2) sum amended (for the year 1994-95) by [Finance Act 1994 \(c. 9\), s. 90](#)
- C6** S. 3(2) sum amended (for the year 1996-97) by [The Capital Gains Tax \(Annual Exempt Amount\) Order 1995 \(S.I. 1995/3033\), art. 2](#)
- C7** S. 3(2) sum amended (for the year 1997-98) by [The Capital Gains Tax \(Annual Exempt Amount\) Order 1996 \(S.I. 1996/2957\), art. 2](#)
- C8** S. 3(2) sum amended (for the year 1998-99) by [The Capital Gains Tax \(Annual Exempt Amount\) Order 1998 \(S.I. 1998/757\), art. 2](#)
- C9** S. 3(2) sum amended (for the year 1999-2000) by [The Capital Gains Tax \(Annual Exempt Amount\) Order 1999 \(S.I. 1999/591\), art. 2](#)
- C10** S. 3(2) sum amended (for the year 2000-01) by [The Capital Gains Tax \(Annual Exempt Amount\) Order 2000 \(S.I. 2000/808\), art. 2](#)
- C11** S. 3(2) sum amended (for the year 2001-02) by [The Capital Gains Tax \(Annual Exempt Amount\) Order 2001 \(S.I. 2001/636\), art. 2](#)
- C12** S. 3(2) sum amended (for the year 2002-03) by [The Capital Gains Tax \(Annual Exempt Amount\) Order 2002 \(S.I. 2002/702\), art. 2](#)
- C13** S. 3(2) sum amended (for the year 2003-04) by [The Capital Gains Tax \(Annual Exempt Amount\) Order 2003 \(S.I. 2003/842\), art. 2](#)
- C14** S. 3(2) sum amended (for the year 2005-06) by [The Capital Gains Tax \(Annual Exempt Amount\) Order 2005 \(S.I. 2005/721\), art. 2](#)
- C15** S. 3(2) sum amended (for the year 2007-08) by [The Capital Gains Tax \(Annual Exempt Amount\) Order 2007 \(S.I. 2007/942\), art. 2](#)
- C16** S. 3(3) excluded (for the tax year 2011-12) by [Finance Act 2011 \(c. 11\), s. 8\(5\)](#)
- C17** S. 3(3) excluded (for the tax year 2012-13) by [Finance Act 2012 \(c. 14\), s. 34\(6\)](#)
- C18** S. 3(3) excluded (for the tax year 2014-15) by [Finance Act 2014 \(c. 26\), s. 8\(2\)](#)
- C19** S. 3(3) excluded (for the tax year 2015-16) by [Finance Act 2014 \(c. 26\), s. 9\(2\)](#)

[^{F49}3A Reporting limits U.K.]

- (1) Where in the case of an individual—
 - (a) the amount of chargeable gains accruing to him in any year of assessment [^{F50}or, if that year is a split year as respects the individual, the UK part of that year] does not exceed the exempt amount for that year, and
 - (b) the aggregate amount or value of the consideration for all chargeable disposals of assets made by him in that year [^{F51}or, as the case may be, that part of the year] does not exceed four times the exempt amount for that year,

a statement to that effect is sufficient compliance with so much of any notice under section 8 of the Management Act as requires information for the purposes of establishing the amount in which he is chargeable to capital gains tax for that year.
- (2) For the purposes of subsection (1)(a) above—
 - ^{F52}(a)
 - (b) the amount of chargeable gains accruing to an individual in a year of assessment [^{F53}(or the UK part of such a year)] for which [^{F54}a deduction falls to be made in respect of allowable losses is the amount before the deduction].
- (3) For the purposes of subsection (1)(b) above a “chargeable disposal” is any disposal other than—

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- (a) a disposal on which any gain accruing is not a chargeable gain, or
 - (b) a disposal the consideration for which is treated by virtue of section 58 [F55 (spouses and civil partners)] as being such that neither a gain nor a loss would accrue.
- (4) Subsection (1) above applies to personal representatives (for the year of assessment in which the individual in question dies and for the next 2 following years) as it applies to an individual.
- (5) Subsection (1) above applies to the trustees of a settlement in accordance with Schedule 1.
- [Subsection (1) does not apply to an individual for a tax year if—
- ^{F56}(5A) (a) section 809B of ITA 2007 (claim for remittance basis to apply), or
- (b) section 16ZB below (certain chargeable gains charged on remittance basis), applies to the individual for that year.]
- (6) In this section “exempt amount” has the meaning given by section 3 (read, where appropriate, with Schedule 1).]

Textual Amendments

- F49** S. 3A inserted (with application in accordance with Sch. 28 para. 7 of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 28 para. 1](#)
- F50** Words in s. 3A(1)(a) inserted (with effect in accordance with Sch. 45 para. 153(2) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 45 para. 94\(2\)\(a\)](#)
- F51** Words in s. 3A(1)(b) inserted (with effect in accordance with Sch. 45 para. 153(2) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 45 para. 94\(2\)\(b\)](#)
- F52** S. 3A(2)(a) omitted (with effect in accordance with Sch. 2 para. 56(3) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 27\(a\)](#)
- F53** Words in s. 3A(2)(b) inserted (with effect in accordance with Sch. 45 para. 153(2) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 45 para. 94\(3\)](#)
- F54** Words in s. 3A(2)(b) substituted (with effect in accordance with Sch. 2 para. 56(3) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 27\(b\)](#)
- F55** Words in s. 3A(3)(b) substituted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), [106](#)
- F56** S. 3A(5A) inserted (with effect in accordance with Sch. 7 para. 81 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 57](#)

[F57] **Rates of capital gains tax** **U.K.**

- (1) This section makes provision about the rates at which capital gains tax is charged, but is subject to section 169N (rate in case of claim for entrepreneurs' relief).
- (2) Subject to the following provisions of this section, the rate of capital gains tax in respect of gains accruing to a person in a tax year is 18%.
- (3) The rate of capital gains tax in respect of gains accruing to—
- (a) the trustees of a settlement, or
 - (b) the personal representatives of a deceased person,
- in a tax year is 28%.

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[^{F58}(3A) The rate of capital gains tax in respect of gains chargeable under section 2B accruing to a person in a tax year is 28%.]

[^{F59}(3B) The rate of capital gains tax is 20% in respect of—
 (a) gains chargeable under section 14D accruing to a company in a tax year, and
 (b) gains chargeable under section 188D accruing in a tax year to the relevant body of an NRCGT group (as defined in that section).]

(4) If income tax is chargeable at the higher rate^{F60}, the Scottish higher rate] or the dividend upper rate in respect of any part of the income of an individual for a tax year, the rate of capital gains tax in respect of gains accruing to the individual in the year is 28%.

(5) If no income tax is chargeable at the higher rate^{F60}, the Scottish higher rate] or the dividend upper rate in respect of the income of an individual for a tax year, but the amount on which the individual is chargeable to capital gains tax exceeds the unused part of the individual's basic rate band, the rate of capital gains tax on the excess is 28%.

(6) For the purposes of subsection (5), gains which are chargeable to capital gains tax at the rate in section 169N(3) are to be treated as forming the lowest part of the amount on which an individual is chargeable to capital gains tax.

(7) The reference in subsection (5) to the unused part of an individual's basic rate band is a reference to the amount by which the basic rate limit exceeds the individual's Step 3 income.

(8) For the purposes of this section, “the Step 3 income” of an individual means the individual's net income less allowances deducted at Step 3 of the calculation in section 23 of ITA 2007 for the purpose of calculating the individual's income tax liability.

(9) Section 989 of ITA 2007 (the definitions) applies for the purposes of this section as it applies for income tax purposes.]

Textual Amendments

F57 Ss. 4, 4A substituted (with effect in accordance with Sch. 1 para. 12 of the amending Act) for s. 4 by [Finance \(No. 2\) Act 2010 \(c. 31\)](#), [Sch. 1 para. 2](#) (with [Sch. 1 para. 18](#))

F58 S. 4(3A) inserted (with effect in accordance with Sch. 25 para. 20 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 25 para. 5](#)

F59 S. 4(3B) inserted (with effect in accordance with Sch. 7 para. 60 of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 7 para. 6](#)

F60 Words in s. 4(4)(5) inserted (with effect in accordance with Sch. 38 para. 15(4) of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 38 para. 15\(2\)](#)

[^{F57} 4A Section 4: special cases **U.K.**

(1) Subsection (2) applies if for a tax year—
 (a) a person is entitled, by virtue of section 539 of ITTOIA 2005 (gains from contracts for life insurance etc), to relief by reference to the amount of a deficiency, or

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- (b) the residuary income of an estate is treated, by virtue of section 669(1) and (2) of that Act (reduction in residuary income: inheritance tax on accrued income), as reduced so as to reduce a person's income by any amount for the purposes of extra liability.
- (2) Section 4(7) is to have effect as if the person's Step 3 income for the year were reduced by the amount of the deficiency mentioned in subsection (1)(a) or the amount mentioned in subsection (1)(b) (as the case may be).
- (3) Subsections (4) and (5) apply if, by virtue of section 465 of ITTOIA 2005 (gains from contracts for life insurance etc), a person's total income for a tax year is deemed to include any amount or amounts.
- (4) Section 4(7) is to have effect as if the person's Step 3 income for the year included not the whole of the amount or amounts concerned but only the annual equivalent within the meaning of section 536(1) of that Act or the total annual equivalent within the meaning of section 537 of that Act (as the case may be).
- (5) If—
 - (a) relief is given under section 535 of that Act, and
 - (b) the calculation under section 536(1) or 537 of that Act (as the case may be) does not involve the higher rate of income tax,section 4(4) and (5) are to have effect as if no income tax were chargeable at the higher rate^[F61], the Scottish higher rate] or the dividend upper rate in respect of the person's income.]

Textual Amendments

F57 Ss. 4, 4A substituted (with effect in accordance with Sch. 1 para. 12 of the amending Act) for s. 4 by Finance (No. 2) Act 2010 (c. 31), **Sch. 1 para. 2** (with Sch. 1 para. 18)

F61 Words in s. 4A(5) inserted (with effect in accordance with Sch. 38 para. 15(4) of the amending Act) by Finance Act 2014 (c. 26), **Sch. 38 para. 15(3)**

^[F62]**4B Deduction of losses etc in most beneficial way** **U.K.**

- (1) Where it is necessary to determine—
 - (a) from which chargeable gains an allowable loss accruing to a person is to be deducted, or
 - (b) which allowable losses are to be deducted from any chargeable gains accruing to a person,(including in a case falling within subsection (2)), the losses concerned may be used in whichever way is most beneficial to that person.
- (2) Where the gains accruing to a person in a tax year are (apart from this section) chargeable to capital gains tax at different rates, the exempt amount under section 3 may be used in respect of those gains in whichever way is most beneficial to that person.
- (3) This section is subject to any enactment which contains a limitation on the gains from which allowable losses may be deducted.]

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Textual Amendments

F62 S. 4B substituted (with effect in accordance with Sch. 7 para. 60 of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 7 para. 7](#)

F63 5 Accumulation and discretionary settlements. U.K.

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Textual Amendments

F63 S. 5 repealed (with effect in accordance with s. 120(2) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 27 Pt. III\(29\)](#)

F64 6 Other special cases. U.K.

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Textual Amendments

F64 S. 6 omitted (with effect in accordance with Sch. 2 para. 22 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 3](#)

F65 7 Time for payment of tax. U.K.

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Textual Amendments

F65 S. 7 repealed (with effect in accordance with s. 103(7) of the amending Act) by [Finance Act 1995 \(c. 4\)](#), s. 115(12), [Sch. 29 Pt. VIII\(14\)](#)

Status:

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Changes to legislation:

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