

Changes to legislation: Taxation of Chargeable Gains Act 1992, Cross Heading: Exception in relation to interests in UK land used for trading purposes is up to date with all changes known to be in force on or before 25 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

SCHEDULES

[^{F1}SCHEDULE 1A

ASSETS DERIVING 75% OF VALUE FROM UK LAND ETC

Textual Amendments

- F1** Sch. 1A inserted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by Finance Act 2019 (c. 1), Sch. 1 para. 14

PART 2

WHETHER ASSET DERIVES AT LEAST 75% OF ITS VALUE FROM UK LAND

Exception in relation to interests in UK land used for trading purposes

- 5 (1) A disposal of a right or interest in a company is not to be regarded as a disposal of an asset deriving at least 75% of its value from UK land if it is reasonable to conclude that, so far as the market value of the company's qualifying assets derives (directly or indirectly) from interests in UK land—
- (a) all of the interests in UK land are used for trading purposes, or
 - (b) all of the interests in UK land would be used for those purposes if low-value non-trade interests in UK land were left out of account.
- (2) An interest in UK land is “used for trading purposes” for the purposes of this paragraph if (and only if), at the time of the disposal—
- (a) it is being used in, or for the purposes of, a qualifying trade, or
 - (b) it has been acquired for use in, or for the purposes of, a qualifying trade.
- (3) A trade is a “qualifying” trade for the purposes of this paragraph if—
- (a) it has been carried on by the company, or by a person connected with the company, throughout the period of one year ending with the time of the disposal on a commercial basis with a view to the realisation of profits, and
 - (b) it is reasonable to conclude that the trade will continue to be carried on (for more than an insignificant period of time) on a commercial basis with a view to the realisation of profits.
- (4) For the purposes of this paragraph, “low-value non-trade interests in UK land” means interests in UK land—
- (a) which are not used for trading purposes, and
 - (b) the total market value of which is, at the time of the disposal, no more than 10% of the total market value at that time of the interests in UK land that are used for trading purposes.]

Changes to legislation:

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Act applied by 1997 c. 16 Sch. 12 para. 12(7)1314
- Act applied by 2002 c. 23 Sch. 16 para. 48(1)(2)
- Act construed as one with reg. 37 by S.I. 2006/575 reg. 37(2)
- Act construed as one with reg. 38 by S.I. 2006/575 reg. 38(3)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 4(10)(11) inserted by 2016 c. 11 s. 15(4)
- s. 4(10) words inserted by 2016 c. 24 s. 83(11)
- s. 35(3)(d)(xviii) added by 2008 c. 17 Sch. 7 para. 9
- s. 35(3)(d)(xviii) inserted by 2008 c. 18 Sch. 13 para. 46
- s. 35(3)(d)(xviii) repealed by S.I. 2008/3002 Sch. 1 para. 42Sch. 3 (This amendment comes into force on the day 2008 c. 4, s. 5 comes into force, see art. 1(2). That provision was brought into force on 1.12.2008 by S.I. 2008/3068, art. 2(1)(b))
- s. 104(4)(b)(i) words substituted by S.I. 1989/469, reg. 27(2) (as amended) by S.I. 1997/1716 reg. 13(1)(b)
- s. 107(11) words substituted by S.I. 1989/469, reg. 27(2A) (as amended) by S.I. 1997/1716 reg. 13(2)(b)
- s. 169S(4A) inserted by 2015 c. 11 s. 43(2)
- s. 587B inserted by 2000 c. 17 s. 43(1)
- Sch. 5C para. 3(1) modified by S.I. 2004/2199 reg. 7(1)
- Sch. 5C para. 3(6) modified by S.I. 2004/2199 reg. 7(2)
- Sch. 5C para. 5(1) modified by S.I. 2004/2199 reg. 7(3)
- Sch. 5C para. 3 words inserted by S.I. 2005/3229 reg. 128
- Sch. 5C para. 5 words inserted by S.I. 2005/3229 reg. 128
- Sch. 5C para. 6 words inserted by S.I. 2005/3229 reg. 128
- Sch. 5C para. 3(1)(f) words substituted by 2007 c. 3 Sch. 1 para. 347