



# Taxation of Chargeable Gains Act 1992

## 1992 CHAPTER 12

### PART VIII

#### SUPPLEMENTAL

#### **278 Allowance for foreign tax.**

[<sup>F1</sup>(1)] Subject to section 277 [<sup>F2</sup>and to section 111 of the Finance Act 2004 (computation of chargeable gains subject to special withholding tax)], the tax chargeable under the law of any [<sup>F3</sup>territory] outside the United Kingdom on the disposal of an asset which is borne by the person making the disposal shall be allowable as a deduction in the computation of the gain.

[<sup>F4</sup>(2) Where the amount of any deduction allowed under subsection (1) above is rendered excessive or insufficient by reason of any adjustment of the amount of any tax payable either—

- (a) in the United Kingdom, or
- (b) under the law of any other territory,

nothing in this Act, the Management Act or the Taxes Act limiting the time for the making of assessments or claims for relief shall apply to any assessment or claim to which the adjustment gives rise, being an assessment or claim made not later than six years from the time when all such assessments, adjustments and other determinations have been made, whether in the United Kingdom or elsewhere, as are material in determining whether any and if so what deduction falls to be made under subsection (1) above.

(3) Where—

- (a) a deduction has been allowed under subsection (1) above in the case of the person making the disposal, and
- (b) the amount of that deduction is subsequently rendered excessive by reason of an adjustment of the amount of any tax payable under the law of a territory outside the United Kingdom,

that person shall give notice in writing to an officer of the Board that an adjustment has been made that has rendered the amount of the deduction excessive.

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*Status: Point in time view as at 01/10/2009. This version of this provision has been superseded.*

*Changes to legislation: Taxation of Chargeable Gains Act 1992, Section 278 is up to date with all changes known to be in force on or before 29 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)*

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- (4) A notice under subsection (3) above must be given within one year from the time of the making of the adjustment.
- (5) A person who fails to comply with the requirements imposed on him by subsections (3) and (4) above in relation to any adjustment shall be liable to a penalty of an amount not exceeding the amount of the difference specified in subsection (6) below.
- (6) The difference is that between—
- (a) the amount of tax payable by the person in question for the relevant chargeable period, after giving effect to the deduction that ought to be made under subsection (1) above; and
  - (b) the amount that would have been the tax so payable after giving effect instead to a deduction under that subsection of the amount rendered excessive as mentioned in subsection (3)(b) above.
- (7) For the purposes of subsection (6) above “the relevant chargeable period” means the chargeable period as respects which the deduction was treated as made.]

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#### **Textual Amendments**

- F1** Word in s. 278 inserted (with effect in accordance with Sch. 30 para. 30(4) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 30 para. 30\(2\)](#)
- F2** Words in s. 278(1) inserted (22.7.2004) by [Finance Act 2004 \(c. 12\)](#), [s. 115\(3\)](#)
- F3** Word in s. 278(1) substituted (with application in accordance with s. 88(3) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), [s. 88\(2\)\(f\)](#)
- F4** S. 278(2)-(7) added (with effect in accordance with Sch. 30 para. 30(4) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), [Sch. 30 para. 30\(3\)](#)

**Status:**

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**Changes to legislation:**

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