



Taxation of Chargeable Gains Act 1992

1992 CHAPTER 12

PART II

GENERAL PROVISIONS RELATING TO COMPUTATION OF GAINS AND ACQUISITIONS AND DISPOSALS OF ASSETS

CHAPTER IV

COMPUTATION OF GAINS: THE INDEXATION ALLOWANCE

General

53 The indexation allowance and interpretative provisions.

- (1) Subject to any provision to the contrary, [^{F1}if on the disposal of an asset there is an unindexed gain, an allowance (“the indexation allowance”) shall be allowed against the unindexed gain—
- (a) so as to give the gain for the purposes of this Act, or
 - (b) if the indexation allowance equals or exceeds the unindexed gain, so as to extinguish it (in which case the disposal shall be one on which, after taking account of the indexation allowance, neither a gain nor a loss accrues)];
- and any reference in this Act to an indexation allowance or to the making of an indexation allowance shall be construed accordingly.

^{F2}(1A)

[^{F3}(1B) Indexation allowance is not allowed in respect of changes shown by the retail prices indices for months after December 2017.]

- (2) For the purposes of [^{F4}this Chapter], in relation to any disposal of an asset—
- [^{F5}(a) “unindexed gain” means the amount of the gain on the disposal computed in accordance with this Part]; and

Status: Point in time view as at 15/03/2018.

Changes to legislation: *Taxation of Chargeable Gains Act 1992, Section 53 is up to date with all changes known to be in force on or before 08 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)*

- (b) “relevant allowable expenditure” means, subject to subsection (3) below, any sum which, in the computation of the unindexed [^{F6}gain] was taken into account by virtue of paragraph (a) or paragraph (b) of section 38(1).

[^{F7}(2A) Notwithstanding anything in section 16 of this Act, this section shall not apply to a disposal on which a loss accrues.]

- (3) In determining what sum (if any) was taken into account as mentioned in subsection (2) (b) above, account shall be taken of any provision of any enactment which, for the purpose of the computation of the gain, increases, excludes or reduces the whole or any part of any item of expenditure falling within section 38 or provides for it to be written-down.
- (4) Sections 54 and 108 and this section have effect subject to sections 56, 57, 109, 110 ^{F8}..., 113, 131 and 145.

Textual Amendments

- F1** Words in s. 53(1) substituted (with effect in accordance with s. 93(11) of the amending Act) by [Finance Act 1994 \(c. 9\), s. 93\(1\)](#) (with [Sch. 12](#))
- F2** S. 53(1A) omitted (with effect in accordance with Sch. 2 para. 83 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\), Sch. 2 para. 79\(a\)](#)
- F3** [S. 53\(1B\)](#) inserted (with effect in accordance with s. 26(6)(7) of the amending Act) by [Finance Act 2018 \(c. 3\), s. 26\(2\)](#)
- F4** Words in s. 53(2) substituted (with effect in accordance with s. 93(11) of the amending Act) by [Finance Act 1994 \(c. 9\), s. 93\(2\)\(a\)](#) (with [Sch. 12](#))
- F5** S. 53(2)(a) substituted (with effect in accordance with s. 93(11) of the amending Act) by [Finance Act 1994 \(c. 9\), s. 93\(2\)\(b\)](#) (with [Sch. 12](#))
- F6** Word in s. 53(2)(b) substituted (with effect in accordance with s. 93(11) of the amending Act) by [Finance Act 1994 \(c. 9\), s. 93\(2\)\(c\)](#) (with [Sch. 12](#))
- F7** S. 53(2A) inserted (with effect in accordance with s. 93(11) of the amending Act) by [Finance Act 1994 \(c. 9\), s. 93\(3\)](#) (with [Sch. 12](#))
- F8** Word in s. 53(4) omitted (with effect in accordance with Sch. 2 para. 83 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\), Sch. 2 para. 79\(b\)](#)

Status:

Point in time view as at 15/03/2018.

Changes to legislation:

Taxation of Chargeable Gains Act 1992, Section 53 is up to date with all changes known to be in force on or before 08 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.