



Finance Act 2014

2014 CHAPTER 26

PART 1

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 4

OTHER PROVISIONS

Capital gains

58 Relief on disposal of private residence

- (1) TCGA 1992 is amended as follows.
- (2) In section 223 (relief on disposal of private residence: amount of relief)—
 - (a) in subsections (1) and (2)(a), for “36 months” substitute “ 18 months ”;
 - (b) omit subsections (5) and (6);
 - (c) in subsection (8), omit the “and” after paragraph (aa) and after that paragraph insert—
 - “(ab) section 225E (disposals by disabled persons or persons in care homes etc), and”.
- (3) After section 225D insert—

“225E Disposals by disabled persons or persons in care homes etc

- (1) This section applies where a gain to which section 222 applies accrues to an individual and—
 - (a) the conditions in subsection (2) are met, or
 - (b) the conditions in subsection (3) are met.

Status: Point in time view as at 22/08/2014.

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- (2) The conditions mentioned in subsection (1)(a) are that at the time of the disposal—
- (a) the individual is a disabled person or a long-term resident in a care home, and
 - (b) the individual does not have any other relevant right in relation to a private residence.
- (3) The conditions mentioned in subsection (1)(b) are that at the time of the disposal—
- (a) the individual's spouse or civil partner is a disabled person or a long-term resident in a care home, and
 - (b) neither the individual nor the individual's spouse or civil partner has any other relevant right in relation to a private residence.
- (4) Where this section applies, the references in section 223(1) and (2)(a) to 18 months are treated as references to 36 months.
- (5) An individual is a “long-term resident” in a care home at the time of the disposal if at that time the individual —
- (a) is resident there, and
 - (b) has been resident there, or can reasonably be expected to be resident there, for at least three months.
- (6) An individual has “any other relevant right in relation to a private residence” at the time of the disposal if—
- (a) at that time—
 - (i) the individual owns or holds an interest in a dwelling-house or part of a dwelling-house other than that in relation to which the gain accrued, or
 - (ii) the trustees of a settlement own or hold an interest in a dwelling-house or part of a dwelling-house other than that in relation to which the gain accrued, and the individual is entitled to occupy that dwelling-house or part under the terms of the settlement, and
 - (b) section 222 would have applied to any gain accruing to the individual or trustees on the disposal at that time of, or of that interest in, that dwelling house or part (or would have applied if a notice under subsection (5) of that section had been given).
- (7) In the application of this section in relation to a gain to which section 222 applies by virtue of section 225 (private residence occupied under terms of settlement)—
- (a) the reference in subsection (1) of this section to an individual is to the trustees of the settlement;
 - (b) the references in subsections (2) to (6) of this section to the individual are to the person entitled under the terms of the settlement, as mentioned in section 225.
- (8) In this section—
- “care home” means an establishment that provides accommodation together with nursing or personal care;

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“disabled person” has the meaning given by Schedule 1A to FA 2005.”

- (4) The amendments made by this section have effect in relation to disposals made on or after 6 April 2014.

59 Remittance basis and split year treatment

- (1) Section 12 of TCGA 1992 (non-UK domiciled individuals to whom remittance basis applies) is amended as follows.

- (2) After subsection (1) insert—

“(1A) But it does not apply to foreign chargeable gains accruing to an individual in the overseas part of a split year as respects that individual, regardless of the part of the year (the overseas part or the UK part) in which the foreign chargeable gains are remitted.”

- (3) The amendment made by this section has effect in relation to gains accruing on or after 6 April 2013.

60 Termination of life interest and death of life tenant: disabled persons

- (1) TCGA 1992 is amended as follows.

- (2) In section 72 (termination of life interest on death of person entitled)—

- (a) in subsection (1B)(a)(iii), for “within section 89B(1)(c) or (d)” substitute “, within the meaning given by section 89B ”, and
(b) at the end insert—

“(6) An interest which is a disabled person's interest by virtue of section 89B(1)(a) or (b) of the Inheritance Tax Act 1984 is to be treated as an interest in possession for the purposes of this section.”

- (3) In section 73(3) (death of life tenant: exclusion of chargeable gain), for “to (5)” substitute “ to (6) ”.

- (4) The amendments made by this section have effect in relation to deaths occurring on or after 5 December 2013.

61 Capital gains roll-over relief: relevant classes of assets

- (1) Section 155 of TCGA 1992 (relevant classes of assets) is amended as follows.

- (2) After the heading “CLASS 7A” insert—

“Assets within heads A and B below.

Head A”

- (3) Before the heading “CLASS 8” insert—

“Head B

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Payment entitlements under the basic payment scheme (that is, the scheme of income support for farmers in pursuance of [Regulation \(EU\) No 1307/2013](#) of the European Parliament and of the Council).”

- (4) The amendments made by this section have effect where the disposal of the old assets (or an interest in them) or the acquisition of the new assets (or an interest in them) is on or after 20 December 2013.

62 Capital gains roll-over relief: intangible fixed assets

- (1) In section 156ZB of TCGA 1992 (intangible fixed assets: interaction with relief under Chapter 7 of Part 8 of CTA 2009), in subsection (1), for “This section” substitute “Subsection (2) ”.
- (2) In Chapter 14 of Part 8 of CTA 2009 (intangible fixed assets: miscellaneous provisions), after section 870 insert—

“Roll-over relief under TCGA 1992

870A Claims for relief made under sections 152 and 153 of TCGA 1992

- (1) Subsection (2) applies where—
- (a) a company has made a claim for relief under section 152 or 153 of TCGA 1992 (roll-over relief) during the period beginning with 1 April 2009 and ending with 19 March 2014, and
 - (b) the relief claimed relates to disposal proceeds that are applied in acquiring an intangible fixed asset within the meaning of this Part.
- (2) The company is treated for the purposes of this Part as if the cost of the asset recognised for tax purposes were reduced on 19 March 2014 by the amount in respect of which the relief under section 152 or 153 of TCGA 1992 is given.
- (3) But the effect of subsection (2) must not be to reduce the tax written-down value of the asset to below nil.
- (4) The references to adjustments in sections 742(3) and 743(3) (assets written down) include any adjustment required by subsection (2).”
- (3) The amendment made by subsection (1) has effect in relation to claims for relief under section 152 or 153 of TCGA 1992 made on or after 19 March 2014.
- (4) The amendment made by subsection (2) has effect in relation to accounting periods beginning on or after 19 March 2014.
- (5) For the purposes of subsection (4), an accounting period beginning before, and ending on or after, 19 March 2014 is to be treated as if so much of the period as falls before that date, and so much of the period as falls on or after that date, were separate accounting periods.

63 Avoidance involving losses

- (1) In section 184G of TCGA 1992 (avoidance involving losses: schemes converting income to capital)—

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- (a) for subsections (2) and (3) substitute—
 - “(2) Condition A is that a receipt or other amount arises to a company directly or indirectly in consequence of, or otherwise in connection with, any arrangements.
 - (3) Condition B is that—
 - (a) that amount falls to be taken into account in calculating a chargeable gain (the “relevant gain”) which accrues to a company (“the relevant company”), and
 - (b) losses accrue (or have accrued) to the relevant company (whether before or after or as part of the arrangements).”, and
 - (b) in subsection (4), for “the receipt” substitute “ the amount mentioned in subsection (2) ”.
- (2) In section 184H of that Act (avoidance involving losses: schemes securing deductions)
—
 - (a) in subsection (2)(b), omit “on any disposal of any asset”,
 - (b) for subsection (3) substitute—
 - “(3) Condition B is that the relevant company, or a company connected with the relevant company, becomes entitled to an income deduction directly or indirectly in consequence of, or otherwise in connection with, the arrangements.”,
 - (c) in subsection (4), for paragraph (a) substitute—
 - “(a) that income deduction, and”, and
 - (d) in subsection (10), after the definition of “arrangements” insert—
 - ““income deduction” means—
 - (a) a deduction in calculating income for corporation tax purposes, or
 - (b) a deduction from total profits,”.
- (3) The amendments made by this section have effect—
 - (a) in relation to arrangements entered into on or after 30 January 2014, and
 - (b) in relation to arrangements entered into before that date but only to the extent that any chargeable gain accrues on a disposal which occurs on or after that date.

Status:

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