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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2015, Paragraph 38. (See end of Document for details)*

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## SCHEDULES

### SCHEDULE 7

#### DISPOSALS OF UK RESIDENTIAL PROPERTY INTERESTS BY NON-RESIDENTS ETC

##### PART 1

###### AMENDMENTS OF TCGA 1992

38 (1) Schedule 4ZZA (relevant high value disposals: gains and losses) is amended as follows.

(2) In paragraph 1 the existing text becomes sub-paragraph (1).

(3) After that sub-paragraph insert—

“(2) See also Part 4 of Schedule 4ZZB, which—

- (a) makes provision about non-resident CGT disposals which are, or involve, relevant high value disposals, and
- (b) includes provision about the computation of gains or losses on such disposals which are neither NRCGT gains or losses (as defined in section 57B and Schedule 4ZZB) nor ATED-related.”

(4) In paragraph 2(1), after paragraph (b) insert—

“See also the special rule in paragraph 6 (which takes precedence over paragraphs 3 and 4 where it applies).”

(5) In paragraph 5, after sub-paragraph (3) insert—

“(3A) An election made in relation to an asset under paragraph 2(1)(b) of Schedule 4ZZB (disposals by non-residents etc of UK residential property interests: gains and losses) also has effect as an election made under this paragraph in relation to the asset.”

(6) After paragraph 6 insert—

*“Special rule for certain disposals to which both this Schedule and Schedule 4ZZB relate*

6A (1) This paragraph applies where conditions A and B are met.

(2) Condition A is that the relevant high value disposal is—

- (a) a non-resident CGT disposal (see section 14B), or
- (b) one of two or more disposals which are (by virtue of section 2C and this Schedule) treated as comprised in a non-resident CGT disposal.

(3) Condition B is that—

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- (a) the interest disposed of by the relevant high value disposal was held by P on 5 April 2015,
  - (b) neither Case 2 nor Case 3 in paragraph 2 applies, and
  - (c) no election under paragraph 5 of this Schedule (or paragraph 2(1)(b) of Schedule 4ZZB) is or has been made in relation to the chargeable interest which (or a part of which) is the subject of the relevant high value disposal.
- (4) The ATED-related gain or loss accruing on the relevant high value disposal is computed as follows.
- Step 1* Determine the amount of the post-April 2015 ATED-related gain or loss.
- Step 2* Determine the amount of the pre-April 2015 ATED-related gain or loss.
- Step 3* Add—
- (a) the amount of any gain or loss determined under Step 1, and
  - (b) the amount of any gain or loss determined under Step 2,
- (treating any amount which is a loss as a negative amount). If the result is a positive amount, that amount is the ATED-related gain on the relevant high value disposal. If the result is a negative amount, that amount (expressed as a positive number) is the ATED-related loss on the relevant high value disposal.
- (5) The post-April 2015 ATED-related gain or loss is equal to the amount that would be given by paragraph 3(1) as the amount of the ATED-related gain or loss if the relevant year for the purposes of that paragraph were 2015.
- (6) The “pre-April 2015 ATED-related gain or loss” means the relevant fraction of the notional pre-April 2015 gain or loss.
- (7) “The relevant fraction” is—

$$\frac{CD}{TD}$$

where—

“CD” is the number of days in the relevant ownership period which are ATED chargeable days;

“TD” is the total number of days in the relevant ownership period.

- (8) If the interest disposed of was not held by P on 5 April 2013, the “notional pre-April 2015 gain or loss” is the gain or loss which would have accrued on 5 April 2015 had the interest been disposed of on that date for a consideration equal to its market value on that date.

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- (9) If the interest disposed of was held by P on 5 April 2013, the “notional pre-April 2015 gain or loss” is the gain or loss which would have accrued on 5 April 2015 if P had—
- (a) acquired the interest on 5 April 2013 for a consideration equal to its market value on that date, and
  - (b) disposed of it on 5 April 2015 for a consideration equal to its market value on that date.
- (10) Paragraph 3(3) applies for the purposes of sub-paragraphs (8) and (9) as for the purposes of paragraph 3(2).
- (11) In sub-paragraph (7) “relevant ownership period” means the period—
- (a) beginning with the day on which P acquired the chargeable interest or, if later, 6 April 2013, and
  - (b) ending with 5 April 2015.
- (12) For how to compute the amount of the gain or loss on the relevant high value disposal that is neither ATED-related nor an NRCGT gain or loss (as defined in section 57B and Schedule 4ZZB) see paragraphs 16 to 19 of Schedule 4ZZB.”
- (7) After paragraph 7 insert—

*“Wasting assets*

- 8 (1) Sub-paragraph (2) applies where it is necessary, in computing in accordance with paragraph 3(2) the notional post-commencement gain or loss accruing to a person on a relevant high value disposal, to determine whether or not the interest which is the subject of the disposal is a wasting asset.
- (2) The assumption in paragraph 3(2) that the interest was acquired on a particular 5 April is to be ignored in determining that question.
- (3) Sub-paragraph (4) applies where it is necessary, in computing in accordance with paragraph 6A(9) the notional pre-April 2015 gain or loss accruing to a person on a disposal, to determine whether or not the interest which is the subject of the disposal is a wasting asset.
- (4) The assumption in paragraph 6A(9) that the interest was acquired on 5 April 2013 is to be ignored in determining that question.
- (5) In this paragraph references to a “wasting asset” are to a wasting asset as defined for the purposes of Chapter 2 of Part 2 of this Act.

*Capital allowances*

- 9 (1) Sub-paragraph (2) applies where it is to be assumed for the purpose of computing—
- (a) the notional post-commencement gain or loss accruing to a person on a relevant high value disposal in accordance with paragraph 3(2), or
  - (b) the notional pre-April 2015 gain or loss accruing to a person on a disposal in accordance with paragraph 6A(9),

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that an asset was acquired by a person on 5 April 2013 for a consideration equal to its market value on that date.

- (2) For the purposes of that computation, sections 41 (restriction of losses by reference to capital allowances etc) and 47 (wasting assets qualifying for capital allowances) are to apply in relation to any capital allowance or renewals allowance made in respect of the expenditure actually incurred by the person in acquiring or providing the asset as if that allowance were made in respect of the expenditure treated as incurred by the person on 5 April 2013 as mentioned in sub-paragraph (1).”

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