
EXPLANATORY NOTE

(This note is not part of the Order)

This Order specifies £7,200 as the amount which, under section 3 of the Taxation of Chargeable Gains Act 1992 (“the 1992 Act”), is the exempt amount for the year 2000–01 unless Parliament otherwise determines. Section 3(1) of the 1992 Act provides that an individual’s capital gains for a year of assessment are chargeable to capital gains tax only to the extent that they exceed the exempt amount.

By virtue of the Capital Gains Tax (Annual Exempt Amount) Order 1999 (S.I. 1999/591) the exempt amount for the year 1999–00 was specified as £7,100. The amount of £7,200 is the amount for 1999–00 increased by the amount of the percentage increase in the retail prices index for September 1999 over that for September 1998, and rounded up to the nearest £100 in accordance with section 3(3) of the 1992 Act (as amended by section 83 of the Finance Act 1993).

Under section 288(2) of the 1992 Act, “retail prices index” has the same meaning as in the Income Tax Acts; and “retail prices index” is defined in section 833(2) of the Income and Corporation Taxes Act 1988 (c. 1), as amended by paragraph 22 of Schedule 2 to the Transfer of Functions (Registration and Statistics) Order 1996 (S.I. 1996/273), as the “general index of retail prices (for all items) published by the Office for National Statistics”. The retail prices index for September 1998 is 164.4 and for September 1999 166.2 (based on January 1987 as 100) (see Table 3.1 on page T28 of the November 1999 issue (No. 552) of *Economic Trends*, a publication of the Government Statistical Service).