

**2013 No. 662**

**CAPITAL GAINS TAX**

**The Capital Gains Tax (Annual Exempt Amount) Order 2013**

*Made* - - - -

*19th March 2013*

The Treasury make the following Order in discharge of the duty imposed by section 3(4) of the Taxation of Chargeable Gains Tax Act 1992<sup>(a)</sup>:

**Citation**

1. This Order may be cited as the Capital Gains Tax (Annual Exempt Amount) Order 2013.

**Exempt amount of capital gains for 2013-14**

2. The amount which is, by virtue of section 3 of the Taxation of Chargeable Gains Act 1992, the exempt amount for the tax year 2013-14 (unless Parliament otherwise determines) is £10,900.

*Stephen Crabb*

*Anne Milton*

19th March 2013

Two of the Lords Commissioners of Her Majesty's Treasury

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(a) 1992 c.12. Relevant amendments to section 3 were made by section 8 of the Finance Act 2011 (c.11) and section 34 of the Finance Act 2012 (c.14).

## EXPLANATORY NOTE

*(This note is not part of the Order)*

Section 3 of the Taxation of Chargeable Gains Act 1992 (“TCGA”) provides that an individual shall not be chargeable to capital gains tax in respect of so much of his taxable amount for any year of assessment as does not exceed the exempt amount for that year. Subsection (2) specifies the annual exempt amount (“AEA”) as £10,600. That amount is increased, unless Parliament otherwise determines, in relation to a tax year by reference to a formula prescribed by subsection (3) to (3B) if there has been a relevant increase in the consumer prices index (“CPI”). This is the first tax year where the AEA has been increased pursuant to a formula based on a relevant increase in the CPI rather than the retail prices index.

Subsection (4) requires the Treasury to make an order before the start of the tax year showing the amount arrived at by applying that formula. This Order shows that the AEA for 2013-14 is £10,900.

The AEA for 2012-13 is £10,600. CPI is defined by section 288(2A) of TCGA. The CPI for September 2011 was 120.9 and for September 2012 it was 123.5 (see Table A: CPI 1-month and 12-month percentage change, which is a publication of the Office of National Statistics and can be found at [http://www.ons.gov.uk/ons/dcp171778\\_282923.pdf](http://www.ons.gov.uk/ons/dcp171778_282923.pdf)). In accordance with the formula prescribed by subsection (3) to (3B) the annual exempt amount has been increased by 2.2% and rounded up to the nearest £100.

A Tax Information and Impact Note has not been prepared for this instrument as it gives effect to previously announced policy and relates to routine changes to rates to a predetermined indexation formula.

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