



# Finance Act 1968

## 1968 CHAPTER 44

### PART III

#### CAPITAL GAINS, ESTATE DUTY AND BETTERMENT LEVY

##### *Capital gains*

#### **31 Capital gains tax: exemption for small amounts**

- (1) An individual shall not be chargeable to capital gains tax for a year of assessment if his taxable amount for that year does not exceed £50.
- (2) If an individual's taxable amount for a year of assessment exceeds £50, the amount of capital gains tax to which he is chargeable for that year shall not be greater than the excess.
- (3) For the purposes of this section an individual's taxable amount for a year of assessment is the amount on which he is chargeable under section 20(4) of the Finance Act 1965 for that year (or on which he would be so chargeable but for section 21 of that Act, which affords an alternative charge by reference to income tax).
- (4) In the case of an individual dying in the year of assessment, subsection (3) shall apply with the substitution for the reference to the individual of a reference to his personal representatives, and the taxable amount shall be that on which the personal representatives are chargeable in respect of gains accruing on or before the death.
- (5) In applying the preceding provisions of this section, and in particular in ascertaining an individual's taxable amount, it shall be assumed that paragraph 3(1) of Schedule 10 to the Finance Act 1965 (married woman: assessment and charge on the husband) applies for all years of assessment but where, by virtue of sub-paragraph (2) of the said paragraph 3, any amount is chargeable and assessable on a married woman, any relief afforded by this section shall be apportioned between the husband and the wife according to the respective amounts on which they are chargeable to capital gains tax for the year of assessment.

---

*Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.*

---

(6) This section shall have effect for the year 1967-68 and subsequent years of assessment.

### **32 Quoted securities held on 6th April 1965**

(1) This section has effect subject to the rights of election conferred by Schedule 11 to this Act.

(2) Paragraph 2 of Schedule 7 to the Finance Act 1965 (pooling of shares) shall not apply to quoted securities held on 6th April 1965.

(3) This section has effect as respects any disposal of quoted securities after 19th March 1968.

(4) This section does not affect the computation of the gain accruing on a disposal on or before 19th March 1968, but if by virtue of the said paragraph 2 such a disposal was made out of quoted securities of which some were acquired before 6th April 1965, and some later, then in computing the gain accruing on any disposal after 19th March 1968 the question of what remained undisposed of on the earlier disposal shall be decided on the footing that this section had effect as respects that earlier disposal.

(5) The rules of identification in paragraph 22(6) of Schedule 6 to the Finance Act 1965 (first in, first out, for quoted securities acquired before 6th April 1965) shall apply for the purposes of this section as they apply for the purposes of sub-paragraph (4) of the said paragraph 22.

(6) In this section and in Schedule 11 to this Act—

" quoted securities " means assets to which paragraph 22 of Schedule 6 to the Finance Act 1965 applies,

" fixed interest security " means any security as defined by paragraph 5 of Schedule 7 to that Act,

" preference share " means any share the holder whereof has a right to a dividend at a fixed rate or a rate fluctuating in accordance with the standard rate of income tax, but has no other right to share in the profits of the company,

" year of assessment " for corporation tax, as well as for income tax, means a year beginning on 6th April.

(7) This section and the said Schedule to this Act shall be construed as one with Part II of Schedule 6 to the Finance Act 1965, and in the said Schedule to this Act" the principal section " means this section.

### **33 Government securities issued at a discount**

(1) In section 17 of the Finance Act 1965 subsections (7) and (8) (exemption from tax on short-term gains) shall cease to have effect.

(2) In the case of a disposal by a company—

(a) section 27(3) of the said Act (which, for tax on companies' gains and long-term gains, corresponds to the said subsection (7)) shall not apply unless the disposal of the securities occurs more than twelve months after their acquisition, and

(b) paragraph 5(2) of Schedule 7 to that Act (corresponding to the said subsection (8)) shall not apply to a disposal of, or of part of, the new holding

---

*Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.*

---

unless the disposal occurs more than twelve months after the acquisition of the converted securities.

- (3) The rules of identification in paragraph 8 of Schedule 9 to the Finance Act 1962 shall apply for the purposes of subsection (2) above and, where that subsection applies in relation to any disposal, paragraph 2(4) of Schedule 7 to the Finance Act 1965 (pooling of securities: exclusion of those subject to tax under Case VII of Schedule D) shall apply as if that disposal had been chargeable to income tax under Case VII of Schedule D (tax on short-term gains).
- (4) Where under Schedule 13 to the Finance Act 1965 (groups of companies) the persons disposing of and acquiring an asset are to be treated as if the consideration were of such amount that neither a gain nor a loss accrues on the disposal, the person acquiring the asset shall be treated for the purposes of subsections (2) and (3) above as acquiring it at the time when the other acquired it.
- (5) This section applies where the acquisition and the disposal take place after 19th March 1968.
- (6) In this section "company" has the same meaning as in Part IV of the Finance Act 1965.

#### **34 Other amendments of enactments relating to capital gains**

Schedule 12 to this Act (which makes further provision for amending the enactments relating to chargeable gains) and Schedule 13 to this Act (tax on short-term capital gains) shall have effect.