

SCHEDULES

SCHEDULE 13

Section 34.

SHORT TERM CAPITAL GAINS

Exemption for tangible movables which are wasting assets

- 1 (1) Chargeable assets for the purposes of Case VII of Schedule D shall not include an asset which is tangible movable property and which is a wasting asset, and shall not include an interest in tangible movable property which is a wasting asset.
- (2) Sub-paragraph (1) above shall not apply to a disposal of commodities of any description by a person dealing on a terminal market or dealing with or through a person ordinarily engaged in dealing on a terminal market.
- (3) In this paragraph "wasting asset" has the meaning given by paragraph 9 of Schedule 6 to the Finance Act 1965.
- (4) This paragraph has effect as respects a disposal after 19th March 1968.

Company amalgamations and reconstructions

- 2 Paragraph 13(1) of Schedule 9 to the Finance Act 1962 (issue of shares or debentures in one company to holders of shares or debentures in another company to be treated as an exchange in certain circumstances) shall apply after 10th April 1968, in relation to a company which has no share capital, as if references to shares in or debentures of a company included references to any interests in the company possessed by members of the company, and paragraphs 10 and 12 of that Schedule shall apply accordingly.

Husband and wife dealing in shares, etc.

- 3 (1) Where, in the case of a man and his wife living with him, one of them—
 - (a) disposes of shares to his wife or her husband after 10th April 1968, and
 - (b) disposes of other shares, of the same kind as those disposed of to the wife or husband, to another person (in this paragraph called "a third party"),the provisions of this paragraph shall have effect as respects any shares acquired by the person making those disposals which, but for the provisions of paragraph 8 of Schedule 9 to the Finance Act 1962 (identification of shares), could have been comprised in either of those disposals.
- (2) If, but for the provisions of this sub-paragraph, shares disposed of to a third party—
 - (a) would not be taxable shares, and
 - (b) but for the disposal to the wife or husband would be taxable shares,the identification shall be reversed so that the shares disposed of to the third party (or, if the quantity disposed of to the third party was greater than the quantity disposed

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of to the wife or husband, a part of them equal to the quantity disposed of to the wife or husband) shall be taxable shares.

- (3) If there is more than one disposal to the wife or husband, or more than one disposal to a third party, the provisions of this paragraph shall be applied to shares disposed of on an earlier date before being applied to shares disposed of on a later date, and the re-identification of the shares first disposed of shall accordingly determine the way in which this paragraph applies to the shares comprised in the later disposal.
- (4) In this paragraph " taxable shares " are shares the disposal of which, together with their acquisition, constitutes an acquisition and disposal within the meaning of Chapter II of Part II of the Finance Act 1962.
- (5) This paragraph shall apply in relation to a disposal of any assets as it applies in relation to a disposal of shares, where the assets are of a nature to be dealt in without identifying the particular assets disposed of or acquired.

Husband and wife dealing in shares etc.: sale at a loss and reacquisition

- 4 (1) Where, in the case of a man and his wife living with him, a loss accrues to one of them from his or her acquisition and disposal of any shares, and the other of them is to be treated in accordance with this paragraph as acquiring the same shares within the prescribed period after the disposal, that loss shall be allowable under Case VII by deduction from any gain accruing to the other (that is to say the wife or husband of the person to whom the loss accrued) from an acquisition and disposal of the shares beginning with that acquisition by the other, but shall not be so allowable by deduction from any other gain accruing to either of them.
- (2) Shares disposed of by the husband or wife shall not for the purposes of this paragraph be treated as the same as shares acquired by the other if for the purposes of paragraph 9 of Schedule 9 to the Finance Act 1962—
 - (a) the person disposing of the shares is to be treated as having reacquired the same shares, or
 - (b) the person acquiring the shares is to be treated as thereby reacquiring shares disposed of,
 or if the person acquiring the shares acquires them from her husband or his wife.
- (3) Subject to sub-paragraph (2) above, where the husband or wife disposes of shares and the other afterwards acquires the like shares within the prescribed period from the disposal, the other is to be treated for the purposes of this paragraph as acquiring the same shares as those disposed of (or, if the quantity disposed of was greater than the quantity acquired, a part equal to the quantity acquired) and, so far as necessary, the rules in paragraphs (a) to (d) of paragraph 9(2) of Schedule 9 to the Finance Act 1962 (successive disposals and successive acquisitions) shall apply for the purpose of determining which are the same shares, as if the husband and wife were one person, and disregarding all shares excluded by sub-paragraph (2) above.
- (4) For the purposes of this paragraph shares acquired by the wife or husband for transfer or delivery after the date of transfer or delivery of the shares sold by the other shall be deemed to have been acquired after the disposal of the shares sold.
- (5) Where the husband or wife acquires shares and, under paragraph 8 of Schedule 9 to the Finance Act 1962, shares previously disposed of by him or her are identified with those shares, then—

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- (a) this paragraph shall not apply in relation to any loss accruing from that acquisition and disposal, and
 - (b) that acquisition shall not be treated for the purposes of this paragraph as an acquisition of the same shares as any shares disposed of by the other,
- and sub-paragraphs (4) to (6) of paragraph 9 of the said Schedule 9 shall apply as if references in those sub-paragraphs to sub-paragraph (3) of that paragraph included references to this sub-paragraph.
- (6) In this paragraph " the prescribed period " means—
- (a) in the case of an acquisition of shares through a stock exchange, one month, and
 - (b) in the case of an acquisition of shares otherwise than through a stock exchange, or in the case of an acquisition of some other kind of asset, six months.
- (7) This paragraph shall apply in relation to acquisitions or disposals of any assets as it applies in relation to acquisitions or disposal of shares, where the assets are of a nature to be dealt in without identifying the particular assets disposed of or acquired.

Construction and commencement

- 5 (1) Except as otherwise provided, this Schedule has effect as respects any disposals of assets after 10th April 1968.
- (2) This Schedule shall be construed as one with Chapter II of Part II of the Finance Act 1962,