



Finance Act 1980

1980 CHAPTER 48

PART III

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER III

CAPITAL GAINS

77 Exemption for first £3,000 of gains of individuals

- (1) Section 5 of the Capital Gains Tax Act 1979 and Schedule 1 to that Act (relief for gains less than £9,500) shall have effect with the following amendments, being amendments which substitute an exemption from tax in respect of the first £3,000 of the net gains accruing to an individual in a year of assessment.
- (2) For subsections (1) to (3) of section 5 there shall be substituted—

“5 Exemption for first £3,000 of gains.

- (1) 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 £3,000.”
- (3) In subsections (4) and (5)(a) of section 5 for " £1,000 wherever it occurs, there shall be substituted " £3,000 ".
- (4) In Schedule 1—
 - (a) the heading shall be changed to " EXEMPTION FOR FIRST £3,000 OF GAINS " ;
 - (b) in paragraphs 2(1) and (2)(b) for the words " subsections (1) to (4)" there shall be substituted the words " subsections (1) and (4) ";
 - (c) in paragraphs 4 and 5(1) for the words " subsections (1) to (5)" there shall be substituted the words " subsections (1), (4) and (5) ";

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- (d) in paragraph 2(1) for the words " the amounts of £1,000, £5,000 and £600 " there shall be substituted the words " the amount of £3,000 " and in paragraph 2(1)(b) for " £1,000 " there shall be substituted " £3,000 " .

- (5) This section has effect for the year 1980-81 and subsequent years of assessment.

78 Exemption for first £1,500 of gains of trusts

- (1) Paragraph 6 of Schedule 1 to the Capital Gains Tax Act 1979 (relief for small gains by trustees) shall have effect with the following amendments, being amendments which extend to trustees, with modifications, the exemption conferred by section 5 of that Act as amended by section 77 above.

- (2) In sub-paragraph (1) for the words " subsections (1) to (5)" there shall be substituted the words " subsections (1), (4) and (5) " .

- (3) For sub-paragraphs (2) to (5) there shall be substituted—

“(2) In subsections (1) and (4) for ' £3,000' there shall be substituted '£1,500'.

- (3) Subsection (5) shall apply only to the trustees of a settlement made before 7th June 1978 and, in relation to such trustees, shall have effect with the substitution for £3,000' and ' £5,000 ' of ' £500 ' and ' £2,500' respectively.

- (4) In relation to a settlement which is one of two or more qualifying settlements comprised in a group, sub-paragraph (2) above shall have effect as if for the reference to £1,500 there were substituted a reference to £300 or, if it is more, to such amount as results from dividing £1,500 by the number of settlements in the group.

- (5) For the purposes of sub-paragraph (4) above—

- (a) a qualifying settlement is any settlement (other than an excluded settlement) which is made after 6th June 1978 and to the trustees of which this paragraph applies for the year of assessment; and
 (b) all qualifying settlements in relation to which the same person is the settlor constitute a group.

- (6) If, in consequence of two or more persons being settlors in relation to it, a settlement is comprised in two or more groups comprising different numbers of settlements, sub-paragraph (4) above shall apply to it as if the number by which the amount of £1,500 is to be divided were the number of settlements in the largest group.

- (7) In this paragraph ' settlor' has the meaning given by section 454(3) of the Taxes Act and includes, in the case of a settlement arising under a will or intestacy, the testator or intestate and ' excluded settlement' means—

- (a) any settlement the trustees of which are not for the whole or any part of the year of assessment treated under section 52(1) of this Act as resident and ordinarily resident in the United Kingdom; and
 (b) any settlement the property comprised in which—
 (i) is held for charitable purposes only and cannot become applicable for other purposes ; or

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- (ii) is held for the purposes of any such scheme or fund as is mentioned in sub-paragraph (8) below (retirement benefits and compensation funds).
- (8) The schemes and funds referred to in sub-paragraph (7)(b)(ii) above are funds to which section 218 of the Taxes Act applies, schemes and funds approved under section 226 or 226A of that Act, sponsored superannuation schemes as defined in section 226(11) of that Act, exempt approved schemes and statutory schemes as defined in Chapter II of Part II of the Finance Act 1970 and any such fund as is mentioned in paragraph 21 of Schedule 5 to the Finance Act 1975.
- (9) An inspector may by notice in writing require any person, being a party to a settlement, to furnish him within such time as he may direct (not being less than twenty-eight days) with such particulars as he thinks necessary for the purposes of this paragraph. " (4) This section has effect for the year 1980-81 and subsequent years of assessment."

79 General relief for gifts

- (1) If after 5th April 1980 an individual (in this section referred to as " the transferor ") makes a disposal, otherwise than under a bargain at arm's length, to an individual resident or ordinarily resident in the United Kingdom (in this section referred to as " the transferee ") and the transferor and transferee make a claim for relief under this section—
- (a) the amount of any chargeable gain which, apart from this section, would accrue to the transferor on the disposal ; and
 - (b) the amount of the consideration for which, apart from this section, the transferee would be regarded for the purposes of capital gains tax as having acquired the asset in question,
- shall each be reduced by an amount equal to the held-over gain on the disposal.
- (2) Subject to subsection (3) below, the reference in subsection (1) above to the held-over gain on a disposal is a reference to the chargeable gain which would have accrued on that disposal apart from this section.
- (3) In any case where—
- (a) there is actual consideration (as opposed to the consideration equal to the market value which is deemed to be given by virtue of section 19(3) of the Capital Gains Tax Act 1979) for a disposal in respect of which a claim for relief is made under this section ; and
 - (b) that actual consideration exceeds the sums allowable as a deduction under section 32 of that Act,
- the held-over gain on the disposal shall be reduced by the excess referred to in paragraph (b) above or, if part of the gain on the disposal is relieved under section 124 of the said Act of 1979 (retirement relief), by so much, if any, of that excess as exceeds the part so relieved.
- (4) Section 126 of the said Act of 1979 (relief for gifts of business assets) shall not apply to a disposal to an individual; but this subsection shall not be construed as affecting the operation of that section in a case where by virtue of section 46(1) of that Act an individual is treated as acquiring an asset on a disposal under section 54(1) of that Act.

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- (5) Where a disposal in respect of which a claim is made under this section is a chargeable transfer (for capital transfer tax purposes) there shall be allowed as a deduction in computing (for capital gains tax purposes) the chargeable gain accruing to the transferee on the disposal of the asset in question an amount equal to whichever is the lesser of—
- (a) the capital transfer tax chargeable on the value transferred which is attributable to the value of the asset as ascertained for capital transfer tax purposes; and
 - (b) the amount of the chargeable gain as computed apart from this subsection;
- and where the capital transfer tax chargeable on the value transferred which is attributable to the value of the asset is paid by the transferor the reference in paragraph (a) above to the value transferred which is so attributable includes a reference to the value transferred which is attributable to that tax.
- (6) Where an amount of capital transfer tax—
- (a) falls to be re-determined in consequence of the transferor's death within three years of making the chargeable transfer in question ; or
 - (b) is otherwise varied,
- after it has been taken into account under subsection (5) above, all necessary adjustments shall be made, whether by the making of an assessment to capital gains tax or by the discharge or repayment of such tax.

80 Exemption for private residences

- (1) Where a gain to which section 101 of the Capital Gains Tax Act 1979 (disposals of private residences) applies accrues to any individual and the dwelling-house in question or any part of it is or has at any time in his period of ownership been wholly or partly let by him as residential accommodation the part of the gain, if any, which, apart from this section, would be a chargeable gain by reason of the letting, shall be such a gain only to the extent, if any, to which it exceeds whichever is the lesser of—
- (a) the part of the gain which is not a chargeable gain by virtue of the provisions of section 102 of that Act or that section as applied by section 104 of that Act; and
 - (b) £10,000.
- (2) In section 102(1) and (2)(a) of that Act (exemption for gain on disposal of dwelling-house which has been an individual's only or main residence throughout the period of ownership or throughout that period except for the last twelve months) for the words " twelve months " there shall be substituted the words " twenty-four months ".
- (3) This section has effect in relation to disposals after 5th April 1980.

81 Exemption for authorised unit trusts etc.

- (1) Gains accruing to an authorised unit trust, an investment trust or a court investment fund shall not be chargeable gains.
- (2) In section 267(3) of the Taxes Act (transfer of assets on company reconstruction etc.), the words " or 97" shall be omitted and at the end there shall be inserted the words " or which is an authorised unit trust within the meaning of Chapter VI of Part XII of this Act or to an investment trust within the meaning of that Chapter. "

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- (3) In subsection (1) of section 98 of the Capital Gains Tax Act 1979 (which refers to the said section 267) for the words from " to which at the time of the transfer" to " shall be treated " there shall be substituted the words " or a company which at the time of the transfer was not such a unit trust scheme or investment trust as is mentioned in subsection (3) of that section, then if—
- (a) at any time after the transfer—
 - (i) the unit trust scheme becomes in a year of assessment one which is such as is mentioned in that subsection; or
 - (ii) the company becomes for an accounting period an investment trust such as is there mentioned, and
 - (b) at the beginning of that year of assessment or accounting period the unit trust scheme or company still owns any of the assets of the business transferred, the unit trust scheme or company shall be treated "; and in subsection (2) of that section after the words " year of assessment " and " unit trust scheme " there shall be inserted respectively the words " or accounting period " and " or company ".
- (4) In section 273(2) of the Taxes Act (transfers within a group) after paragraph (b) there shall be inserted the words "or
- (c) a disposal by or to an investment trust within the meaning of Chapter VI of Part XII of this Act;”.
- (5) After section 275(2) of the Taxes Act (disposals outside a group) there shall be inserted—
- “(3) Subsection (2) above does not apply where the asset was acquired on a disposal within section 273(2)(c) above.”
- (6) Section 94 of the said Act of 1979 (reduction of tax on disposal of shares in unit trust etc.) shall cease to have effect.
- (7) Subsections (1), (4) and (5) above have effect in relation to disposals after 31st March 1980, subsections (2) and (3) above have effect where the transfer referred to in section 267(3) is after that date and subsection (6) above has effect in relation to disposals after 5th April 1980.

82 Maintenance funds for historic buildings

In section 148 of the Capital Gains Tax Act 1979 (maintenance funds for historic buildings) after subsection (1) there shall be inserted—

- “(1A) This section applies also where a trustee is deemed by virtue of section 54(1) above to dispose of an asset comprised in a settlement and, as a result of the asset or part of it becoming comprised in another settlement, there is by virtue of section 89(4)(d) or 90(1) of the Finance Act 1980 no charge to capital transfer tax by reference to the value of the asset deemed to be disposed of or a reduced charge to that tax by virtue of section 90(3) of that Act; but—
- (a) if part only of the asset becomes comprised in the other settlement this subsection applies only to the deemed disposal of that part; and
 - (b) if the trustees of the other settlement give any consideration for the asset or part that becomes comprised in it this subsection applies only if the consideration does not exceed the sums that would be allowable as a deduction in computing the gain accruing on the deemed disposal.”

Status: This is the original version (as it was originally enacted).

83 Consideration on disposal of assets

- (1) In section 31(2) of the Capital Gains Tax Act 1979 (consideration on disposal of an asset to include money or money's worth which is taken into account in the making of a balancing charge under the Capital Allowances Act 1968) there shall be inserted at the end the words " or which is brought into account as the disposal value of machinery or plant under section 44 of the Finance Act 1971 ".
- (2) This section has effect in relation to disposals after 25th March 1980.

84 Traded options

- (1) Sections 137 and 138 of the Capital Gains Tax Act 1979 (options) shall have effect with the following amendments, being amendments which exempt traded options to buy or sell shares in a company from the rule that the abandonment of an option is not a disposal and from the restriction of allowable expenditure which applies to wasting assets.
- (2) In subsection (4) of section 137 after paragraph (a) there shall be inserted—
“(aa) a traded option to buy or sell shares in a company, or”.
- (3) At the end of subsection (9) of section 137 there shall be inserted the words " and in subsection (4)(aa) above, and in section 138 below, 'traded option' means an option which, at the time of the abandonment or other disposal, is quoted on a recognised stock exchange within the meaning of the said section 535. "
- (4) In subsection (1) of section 138 after paragraph (a) there shall be inserted—
“(aa) to a traded option to buy or sell shares in a company, or”.
- (5) In subsection (2) of section 138 for the words in brackets there shall be substituted the words " (other than an option falling within subsection (1)(a) or (aa) above) ".
- (6) For subsection (4)(a) of section 138 there shall be substituted—
“(a) ' quoted option ' and ' traded option' have the meanings given by section 137(9) above,”.
- (7) This section has effect in relation to any abandonment or other disposal on or after 6th April 1980.