



Finance Act 1981

1981 CHAPTER 35

PART IV

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER V

CAPITAL GAINS

90 Market value

(1) After section 29 of the Capital Gains Tax Act 1979 there shall be inserted—

“29A Disposals and acquisitions treated as made at market value.

- (1) Subject to the provisions of this Act, a person's acquisition or disposal of an asset shall for the purposes of this Act be deemed to be for a consideration equal to the market value of the asset—
 - (a) where he acquires or, as the case may be, disposes of the asset otherwise than by way of a bargain made at arm's length, and in particular where he acquires or disposes of it by way of gift or on a transfer into settlement by a settlor or by way of distribution from a company in respect of shares in the company, or
 - (b) where he acquires or, as the case may be, disposes of the asset wholly or partly for a consideration that cannot be valued, or in connection with his own or another's loss of office or employment or diminution of emoluments, or otherwise in consideration for or recognition of his or another's services or past services in any office or employment or of any other service rendered or to be rendered by him or another.
- (2) Except in the case specified in subsection (4) below, subsection (1) above shall not apply to the acquisition of an asset if—

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- (a) there is no corresponding disposal of it, or the corresponding disposal is made by an excluded person, and
 - (b) there is no consideration in money or money's worth or the consideration is of an amount or value lower than the market value of the asset.
- (3) Where in the case of an acquisition within subsection (2) above there is a corresponding disposal by an excluded person, subsection (1) above shall not apply to that disposal.
- (4) The exception referred to in subsection (2) above is the acquisition by an individual of tangible movable property or currency in circumstances where there is a corresponding disposal by an individual who is neither resident nor ordinarily resident in the United Kingdom; and for this purpose "tangible movable property" does not include commodities of a kind dealt with on a terminal market, or a mere right in or over any property.
- (5) In this section "excluded person" means—
- (a) a person who is neither resident nor ordinarily resident in the United Kingdom; or
 - (b) a person who is wholly exempt from tax in respect of chargeable gains, or would be so exempt on making a claim for exemption; or
 - (c) a charity; or
 - (d) a registered friendly society; or
 - (e) a person making the disposal for the purposes of—
 - (i) a fund to which section 218 or 226(6) of the Taxes Act or section 36 of the Finance Act 1980 applies, or
 - (ii) an exempt approved scheme or statutory scheme as defined in Chapter II of Part II of the Finance Act 1970."
- (2) In section 32 of the Capital Gains Tax Act 1979 (allowance of expenditure in computation of gains) after subsection (4) there shall be added—
- “(5) Where—
- (a) a person acquires an asset for no consideration in money or money's worth or for a consideration of an amount or value lower than the market value of the asset, and is not treated under any provision of this Act as acquiring it for a consideration other than the actual consideration, and
 - (b) there is a corresponding disposal of the asset by a person who is neither resident nor ordinarily resident in the United Kingdom, and
 - (c) a charge to income tax, corporation tax or capital gains tax arises in respect of the acquisition,
- the sums allowable under this section as a deduction in the computation made on the first-mentioned person's disposal of the asset shall include a sum equal to the amount in respect of which the charge arises.
- (6) The condition in paragraph (c) of subsection (5) above shall be taken to be satisfied where under section 80(3) of the Finance Act 1981 chargeable gains are treated as accruing to a person in any year by reason of his acquisition of an asset in that or an earlier year; and the reference in subsection (5) above to the amount in respect of which the charge arises shall be taken to be a reference to the amount of the gains treated as accruing to him.”

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

- (3) Subsection (3) of section 19 of the Capital Gains Tax Act 1979 (which is superseded by this section) shall cease to have effect; and—
- (a) for the references to that subsection (or to a paragraph of it) in sections 49(5), 62(2), 90(3), 126(6), 146(2) and 149(2) of that Act and in section 47(1)(b)(ii) of the Finance Act 1980 there shall be substituted references to section 29A(1) of the said Act of 1979 ; and
 - (b) in section 62(5) of that Act for the words " the amount of the consideration for the acquisition being" there shall be substituted the words " where the amount of the consideration for the acquisition is ".
- (4) This section has effect in relation to acquisitions and disposals on or after 10th March 1981.