



# Finance Act 1982

## 1982 CHAPTER 39

### PART III

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

### CHAPTER III

#### CAPITAL GAINS

#### **86 Indexation allowance on certain disposals.**

- (1) This section applies to any disposal of an asset—
- (a) which occurs on or after 6th April 1982, or, if the disposal is by a company, on or after 1st April 1982; [<sup>F1</sup>and]
  - [<sup>F1</sup>(b) which occurs after the expiry of the period of twelve months beginning on the date on which the asset in question was acquired or provided (which period is in the following provisions of this Chapter referred to, in relation to a disposal, as “the qualifying period”]; and
  - (c) on which, disregarding the indexation allowance for which provision is made below, a gain would accrue (whether or not that gain would be wholly a chargeable gain)].
- (2) In relation to a disposal to which this section applies—
- [<sup>F2</sup>(a) “the unindexed gain or loss” means the amount of the gain or loss on the disposal computed in accordance with Chapter II of Part II of the Capital Gains Tax Act 1979 and, if there is neither a gain nor a loss on the disposal as so computed, the unindexed gain or loss shall be nil]; and
  - (b) “relevant allowable expenditure” means, subject to subsection (3) below, any sum which, in the computation of the [<sup>F3</sup>unindexed gain or loss], was taken into account by virtue of paragraph (a) or paragraph (b) of subsection (1) of section 32 of that Act.

*Status: Point in time view as at 01/02/1991. This version of this provision has been superseded.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1982, Section 86. (See end of Document for details)*

- (3) In determining what sum (if any) was taken into account as mentioned in subsection (2) (b) above, account shall be taken of any provision of any enactment which, for the purpose of the computation under the said Chapter II, increases, excludes or reduces the whole or any part of any item of expenditure falling within the said section 32 or provides for it to be written-down.
- (4) The following provisions of this Chapter have effect to provide for an allowance (in those provisions referred to as “the indexation allowance”) which, on a disposal to which this section applies, is to be [<sup>F4</sup>set against the unindexed gain or, as the case may be, added to the unindexed loss so as to give the gain or loss for the purposes of the Capital Gains Tax Act 1979 as follows,—
- (a) if there is an unindexed gain, the indexation allowance shall be deducted from the gain and, if the allowance exceeds the unindexed gain, the excess shall constitute a loss;
  - (b) if there is an unindexed loss, the indexation allowance shall be added to it so as to increase the loss; and
  - (c) if the unindexed gain or loss is nil, there shall be a loss equal to the indexation allowance];

and, accordingly, at the end of subsection (1) of section 28 of that Act (computation of gains accruing on the disposal of assets) there shall be added the words “and sections 86 and 87 of the Finance Act 1982”.

- [<sup>F5</sup>(5) Notwithstanding anything in section 29 of the Capital Gains Tax Act 1979 (losses to be computed in like manner as gains)—
- (a) this section does not apply to a disposal on which a loss accrues ; and
  - (b) in any case where, on a disposal to which this section does apply, the indexation allowance exceeds the gross gain, no loss shall result and, accordingly, the disposal shall be one on which, after taking account of the indexation allowance, neither a gain nor a loss accrues.]
- (6) The provisions of Schedule 13 to this Act have effect for supplementing this section and the following provisions of this Chapter and the preceding provisions of this section have effect subject to the provisions of that Schedule.

#### Textual Amendments

- F1** S. 86(1)(b)(c) and the word preceding them repealed by [Finance Act 1985 \(c. 54\)](#), ss. 68, 98(6), [Schs. 19 Pt. I](#) and 27 Pt. VII for disposals made on or after 6 April 1985 or 1 April 1985 for companies, 2 July 1986 for gilt-edged securities ([Capital Gains Tax Act 1979 \(c. 14, SIF 63:2\)](#) Sch. 2) and qualifying corporate bonds ([Finance Act 1984 \(c. 43, SIF 40:1\)](#) s. 64), or 28 February 1986 for other securities within the meaning of [Finance Act 1985 \(c. 54\)](#) Part II Ch. IV
- F2** S. 86(2)(a) substituted by [Finance Act 1985 \(c. 54\)](#), s. 68 and Sch. 19 Pt. I for disposals made on or after 6 April 1985, or 1 April 1985 for companies, or 28 February 1986 for securities within the meaning of [Finance Act 1985 \(c. 54\)](#) Part II Ch. IV other than gilt-edged securities ([Capital Gains Tax Act 1979 \(c. 14, SIF 63:2\)](#) Sch. 2) and qualifying corporate bonds ([Finance Act 1984 \(c. 43, SIF 40:1\)](#) s. 64), which are not affected
- F3** Words substituted by [Finance Act 1985 \(c. 54\)](#), s. 68 and Sch. 19 Pt. I for disposals made on or after 6 April 1985, or 1 April 1985 for companies, or 28 February 1986 for securities within the meaning of [Finance Act 1985 \(c. 54\)](#) Part II Ch. IV other than gilt-edged securities ([Capital Gains Tax Act 1979 \(c. 14, SIF 63:2\)](#) Sch. 2) and qualifying corporate bonds ([Finance Act 1984 \(c. 43, SIF 40:1\)](#) s. 64), which are not affected

---

*Status: Point in time view as at 01/02/1991. This version of this provision has been superseded.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1982, Section 86. (See end of Document for details)*

---

- F4** S. 86(4)(a)–c and the preceding words substituted for words by [Finance Act 1985 \(c. 54\), s. 68](#) and Sch. 19 Pt. I for disposals made on or after 6 April 1985, or 1 April 1985 for companies, or 28 February 1986 for securities within the meaning of [Finance Act 1985 \(c. 54\) Part II Ch. IV](#) other than gilt-edged securities ([Capital Gains Tax Act 1979 \(c. 14, SIF 63:2\) Sch. 2](#)) and qualifying corporate bonds ([Finance Act 1984 \(c. 43, SIF 40:1\) s. 64](#)), which are not affected
- F5** S. 86(5) repealed by [Finance Act 1985 \(c. 54\), ss. 68, 98\(6\), Schs. 19 Pt. I](#) and 27 Pt. VII for disposals made on or after 6 April 1985 or 1 April 1985 for companies, 2 July 1986 for gilt-edged securities ([Capital Gains Tax Act 1979 \(c. 14, SIF 63:2\) Sch. 2](#)) and qualifying corporate bonds ([Finance Act 1984 \(c. 43, SIF 40:1\) s. 64](#)), or 28 February 1986 for other securities within the meaning of [Finance Act 1985 \(c. 54\) Part II Ch. IV](#)

---

**Modifications etc. (not altering text)**

- C1** See [Finance Act 1985 \(c. 54\), s. 68\(3\)\(e\)](#) and Sch. 19 para. 23
- C2** See [Finance Act 1983 \(c. 28\), s. 34](#) and Sch. 6 para. 3(6) for application of s. 86(1) where election for pooling under Sch. 6 of that Act
- C3** See—[Finance Act 1988 \(c. 39, SIF 107:2\), s. 113](#)[Finance Act 1990 \(c. 29, SIF 40:1\), s. 54](#)
- C4** See also [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\), Sch. 28 para. 4\(3\)](#) re computation of offshore income gains

**Status:**

Point in time view as at 01/02/1991. This version of this provision has been superseded.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 1982, Section 86.