

SCHEDULES

SCHEDULE 29

CONSEQUENTIAL AMENDMENTS

CAPITAL GAINS TAX ACT 1979 c. 14

- 15 In the Capital Gains Tax Act 1979—
- (a) for “the Taxes Act”, in each place where it occurs except sections 1, 31 and 34(4)(a), the definition of “the Taxes Act” in section 155(1) and paragraph 6(8) of Schedule 1 and any provision mentioned in paragraph (b) below, there shall be substituted “the Taxes Act 1988”;
 - (b) in sections 16, 26, 29A, 32, 35, 75, 84, 87, 98, 107 and 136(10), paragraphs 4 and 5 of Schedule 5 and paragraphs 12 and 21 of Schedule 6 for “the Taxes Act” there shall be substituted “the Taxes Act 1970”;
- and in addition the 1979 Act shall have effect subject to the amendments specified in relation thereto in paragraphs 16 to 28 and 32 below.
- 16 In section 18 (residence etc.) the following subsections shall be inserted after subsection (4)—
- “(5) A period during which a member of a visiting force to whom section 323(1) of the Taxes Act 1988 applies is in the United Kingdom by reason solely of his being a member of that force shall not be treated for the purposes of capital gains tax either as a period of residence in the United Kingdom or as creating a change in his residence or domicile.
- This subsection shall be construed as one with subsection (2) of section 323 and subsections (4) to (8) of that section shall apply accordingly.
- (6) An Agent-General who is resident in the United Kingdom shall be entitled to the same immunity from capital gains tax as that to which the head of a mission so resident is entitled under the Diplomatic Privileges Act 1964.
 - (7) Any person having or exercising any employment to which section 320(2) of the Taxes Act 1988 applies (not being a person employed in any trade, business or other undertaking carried on for the purposes of profit) shall be entitled to the same immunity from capital gains tax as that to which a member of the staff of a mission is entitled under the Diplomatic Privileges Act 1964.
 - (8) Subsections (6) and (7) above shall be construed as one with section 320 of the Taxes Act 1988.”
- 17 In section 31 (consideration chargeable to tax on income) the following subsection shall be inserted after subsection (3)—
- “(4) The reference in subsection (1) above to computing income or profits or gains or losses shall not be taken as applying to a computation of a company’s

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income for the purposes of subsection (2) of section 76 of the Taxes Act 1988.”

18 The following section shall be inserted after section 32—

“32A Expenditure: amounts to be included as consideration

- (1) Section 32(1)(a) above applies as if the relevant amount as defined in the following provisions of this section in the cases there specified had formed part of the consideration given by the person making the disposal for his acquisition of the assets in question.
- (2) Where an amount is chargeable to tax by virtue of section 162(5) of the Taxes Act 1988 in respect of shares or an interest in shares, then—
 - (a) on a disposal of the shares or interest, where that is the event giving rise to the charge; or
 - (b) in any case, on the first disposal of the shares or interest after the event,
 the relevant amount is a sum equal to the amount so chargeable.
- (3) If a gain chargeable to tax under section 135(1) or (6) of the Taxes Act 1988 is realised by the exercise of a right to acquire shares, the relevant amount is a sum equal to the amount of the gain so chargeable to tax.
- (4) Where an amount is chargeable to tax under section 138 of the Taxes Act 1988 on a person acquiring any shares or interest in shares, then on the first disposal (whether by him or another person) of the shares after his acquisition, the relevant amount is an amount equal to the amount so chargeable.
- (5) Where an amount was chargeable to tax under section 185(6) of the Taxes Act 1988 in respect of shares acquired in exercise of any such right as is mentioned in section 185(1) of that Act, the relevant sum in relation to those shares is an amount equal to the amount so chargeable.
- (6) Subsections (2), (3), (4) and (5) above shall be construed as one with sections 162, 135, 138 and 185 of the Taxes Act 1988 respectively.”

19 In section 33 (exclusion of certain expenditure) the following subsection shall be added after subsection (2)—

“(3) No account shall be taken of any relief under Chapter II of Part IV of the Finance Act 1981 or under Schedule 5 to the Finance Act 1983, in so far as it is not withdrawn and relates to shares issued before 19th March 1986, in determining whether any sums are excluded by virtue of subsection (1) or (2) above from the sums allowable as a deduction in the computation of gains or losses for the purposes of this Act.”

20 The following section shall be inserted after section 33—

“33A Transfer of certain securities

- (1) Where there is a transfer of securities within the meaning of section 710 of the Taxes Act 1988 (accrued income scheme)—

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- (a) if section 713(2)(a) or (3)(a) of that Act applies, section 31 above shall be disregarded in computing for capital gains tax purposes the gain accruing on the disposal concerned;
 - (b) if section 713(2)(b) or (3)(b) of that Act applies, section 33 above shall be disregarded in computing for capital gains tax purposes the gain accruing to the transferee if he disposes of the securities;but subsections (2) and (3) below shall apply.
- (2) Where the securities are transferred with accrued interest (within the meaning of section 711 of that Act)—
 - (a) if section 713(2)(a) of that Act applies, an amount equal to the accrued amount (determined under that section) shall be excluded from the consideration mentioned in subsection (8) below;
 - (b) if section 713(2)(b) of that Act applies, an amount equal to that amount shall be excluded from the sums mentioned in subsection (9) below.
- (3) Where the securities are transferred without accrued interest (within the meaning of section 711 of that Act)—
 - (a) if section 713(3)(a) of that Act applies, an amount equal to the rebate amount (determined under that section) shall be added to the consideration mentioned in subsection (8) below;
 - (b) if section 713(3)(b) of that Act applies, an amount equal to that amount shall be added to the sums mentioned in subsection (9) below.
- (4) Where section 716 of that Act applies—
 - (a) if subsection (2) or (3) of that section applies, section 31 above shall be disregarded in computing for capital gains tax purposes the gain accruing on the disposal concerned, but the relevant amount shall be excluded from the consideration mentioned in subsection (8) below; and
 - (b) if subsection (4) of that section applies and the securities were transferred as mentioned in subsection (1) of that section after 18th March 1986, section 33 above shall be disregarded in computing for capital gains tax purposes the gain accruing on the disposal concerned, but the relevant amount shall be excluded from the sums mentioned in subsection (9) below.
- (5) In subsection (4) above “the relevant amount” means an amount equal to—
 - (a) if paragraphs (b) and (c) below do not apply, the amount of the unrealised interest in question;
 - (b) if section 719 of the Taxes Act 1988 applies—
 - (i) in a case falling within subsection (4)(a) above, amount A (within the meaning of section 719);
 - (ii) in a case falling within subsection (4)(b) above, amount C (within the meaning of section 719);
 - (c) if the unrealised interest is subject to the provisions of regulations under section 476(1) of that Act and would not on being paid (to whatever person) be a gross payment within the meaning of those regulations, the grossed up equivalent of the unrealised interest (calculated in accordance with section 726 of that Act).

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Paragraphs (a), (b) and (c) above shall be construed as one with sections 716, 719 and 726 respectively.

- (6) In relation to any securities which by virtue of subsection (7) below are treated for the purposes of this sub-paragraph as having been transferred, subsections (2) and (3) above shall have effect as if for “applies” (in each place where it occurs) there were substituted “would apply if the disposal were a transfer”.
- (7) Where there is a disposal of securities for capital gains tax purposes which is not a transfer for the purposes of section 710 of the Taxes Act 1988 but, if it were such a transfer, one or more of the following paragraphs would apply, namely, paragraphs (a) and (b) of section 713(2) and paragraphs (a) and (b) of section 713(3) of that Act, the securities shall be treated—
 - (a) for the purposes of subsection (6) above, as transferred on the day of the disposal, and
 - (b) for the purposes of subsections (2) and (3) above, as transferred with accrued interest if, had the disposal been a transfer for the purposes of section 710, it would have been a transfer with accrued interest and as transferred without accrued interest if, had the disposal been such a transfer, it would have been a transfer without accrued interest.
- (8) The consideration is the consideration for the disposal of the securities transferred which is taken into account in the computation for capital gains tax purposes of the gain accruing on the disposal.
- (9) The sums are the sums allowable to the transferee as a deduction from the consideration in the computation for capital gains tax purposes of the gain accruing to him if he disposes of the securities.
- (10) Where on a conversion or exchange of securities a person is treated as entitled to a sum under subsection (2)(a) of section 713 of the Taxes Act 1988 an amount equal to the accrued amount (determined under that section) shall, for capital gains tax purposes, be treated as follows—
 - (a) to the extent that it does not exceed the amount of any consideration which the person receives (or is deemed to receive) or becomes entitled to receive on the conversion or exchange (other than his new holding), it shall be treated as reducing that consideration; and
 - (b) to the extent that it does exceed that amount, it shall be treated as consideration which the person gives on the conversion or exchange;
 and where on a conversion or exchange of securities a person is treated as entitled to relief under subsection (3)(a) of that section an amount equal to the rebate amount (determined under that section) shall, for capital gains tax purposes, be treated as consideration which the person receives on the conversion or exchange.
- (11) In subsection (10) above “conversion” means conversion within the meaning of section 82 below and “exchange” means an exchange which by virtue of Chapter II of Part IV of this Act does not involve a disposal.”

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“(8A) Section 356(3)(b) and (5) of the Taxes Act 1988 shall apply for the purposes of subsection (8) above only in relation to residence on or after 6th April 1983 in living accommodation which is job-related within the meaning of that section.”

22 The following section shall be inserted after section 123—

“123A Harbour authorities

- (1) For the purposes of this Act any asset transferred on the transfer of the trade shall be deemed to be for a consideration such that no gain or loss accrues to the transferor on its transfer; and for the purposes of Schedule 5 to this Act the transferee shall be treated as if the acquisition by the transferor of any asset so transferred had been the transferee’s acquisition thereof.
- (2) This section applies only where the trade transferred is transferred from any body corporate other than a limited liability company to a harbour authority by or under a certified harbour reorganisation scheme (within the meaning of section 518 of the Taxes Act 1988) which provides also for the dissolution of the transferor.”

23 The following section shall be inserted after section 132—

“132A Deep discount securities

- (1) Subject to subsections (2) and (3) below, in computing for the purposes of capital gains tax, the gain accruing on the disposal by any person of any deep discount securities (within the meaning of Schedule 4 to the Taxes Act 1988)—
 - (a) section 31 above shall not apply but the consideration for the disposal shall be treated as reduced by the amount mentioned in paragraph 4(1)(a) of that Schedule (including any amount mentioned in paragraph 3 of that Schedule); and
 - (b) where that amount exceeds the consideration for the disposal, the amount of the excess shall be treated as expenditure within section 32(1)(b) above incurred by that person on the security immediately before the disposal.
- (2) Subsection (3) below applies where—
 - (a) there is a conversion of securities to which section 82 above applies and those securities include deep discount securities; or
 - (b) securities including deep discount securities are exchanged (or by virtue of section 86(1) above are treated as exchanged) for other securities in circumstances in which section 85(3) above applies.
- (3) Where this subsection applies—
 - (a) subsection (1) and section 31 above shall not apply but any sum payable to the beneficial owner of the deep discount securities by way of consideration for their disposal (in addition to his new holding) shall be treated for the purpose of capital gains tax as reduced by the amount of the accrued income on which he is chargeable to income tax by virtue of paragraph 7(3) of Schedule 4 to the Taxes Act 1988 or, in a case where paragraph 3 of that Schedule

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applies, on which he would be so chargeable if that paragraph did not apply; and

- (b) where that amount exceeds any such sum, the excess shall be treated as expenditure within section 32(1)(b) above incurred by him on the security immediately before the time of the conversion or exchange.

- (4) Where a disposal of a deep discount security is to be treated for the purposes of capital gains tax as one on which neither a gain nor a loss accrues to the person making the disposal, the consideration for which the person acquiring the security would, apart from this subsection, be treated for those purposes as having acquired the security shall be increased by the amount mentioned in paragraph 4(1)(a) of Schedule 4 to the Taxes Act 1988 (including any amount mentioned in paragraph 3 of that Schedule).”

24 The following section shall be inserted after section 142—

“142A Disposal of assets in premiums trust fund etc

- (1) Subject to subsection (4) below, for the year 1972-73 and subsequent years of assessment the chargeable gains or allowable losses accruing on the disposal of assets forming part of a premiums trust fund shall be taken to be those allocated to the corresponding underwriting year.
- (2) The amount of the gains or losses so allocated at the end of any accounting period shall be such proportion of the difference mentioned in subsection (3) below as is allocated to the underwriting year under the rules or practice of Lloyd's.
- (3) That difference is the difference between the valuations at the beginning and at the end of the accounting period of the assets forming part of the fund, the value at the beginning of the period of assets acquired during the period being taken as the cost of acquisition and the value at the end of the period of assets disposed of during the period being taken as the consideration for the disposal.
- (4) Subsections (1) to (3) above do not apply to the computation of chargeable gains or allowable losses on the disposal of gilt-edged securities as defined in Schedule 2 to this Act or of qualifying corporate bonds as defined in section 64 of the Finance Act 1984.
- (5) The Board may, by regulations made by statutory instrument which shall be subject to annulment in pursuance of a resolution of the House of Commons, provide—
- (a) for the assessment and collection of tax charged in accordance with this section;
- (b) for modifying the provisions of this section in relation to syndicates continuing for more than two years after the end of an underwriting year;
- (c) for giving relief from capital gains tax in cases of an underwriter dying while carrying on his business, and
- (d) for giving credit for foreign tax.”

25 The following section shall be inserted after section 144—

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“Profit sharing and share option schemes

144A Approved profit sharing and share option schemes

- (1) Notwithstanding anything in a profit sharing scheme approved under Schedule 9 of the Taxes Act 1988 or in paragraph 2(2) of that Schedule or in the trust instrument relating to that scheme, for the purposes of capital gains tax a person who is a participant in relation to that scheme shall be treated as absolutely entitled to his shares as against the trustees of the scheme.
- (2) For the purposes of capital gains tax—
 - (a) no deduction shall be made from the consideration for the disposal of any shares by reason only that an amount determined under section 186 or 187 of or Schedule 9 or 10 to the Taxes Act 1988 is chargeable to income tax under section 186(3) or (4) of that Act;
 - (b) any charge to income tax by virtue of section 186(3) of that Act shall be disregarded in determining whether a distribution is a capital distribution within the meaning of section 72(5)(b) above;
 - (c) nothing in any provision of section 186 or 187 of or Schedule 9 or 10 to that Act with respect to—
 - (i) the order in which any of a participant’s shares are to be treated as disposed of for the purposes of those provisions as they have effect in relation to profit sharing schemes, or
 - (ii) the shares in relation to which an event is to be treated as occurring for any such purpose,shall affect the rules applicable to the computation of a gain accruing on a part disposal of a holding of shares or other securities which were acquired at different times; and
 - (d) a gain accruing on an appropriation of shares to which section 186(11) applies shall not be a chargeable gain.
- (3) In subsection (2) above “participant” and “the trust instrument” have the meanings given by section 187 of the Taxes Act 1988.
- (4) Where a right to acquire shares in a body corporate is released in consideration of the grant of a right to acquire shares in another body corporate in accordance with a provision included in a scheme pursuant to paragraph 15 of Schedule 9 to the Taxes Act 1988, the transaction shall not be treated for the purposes of this Act as involving any disposal of the first-mentioned right but for those purposes the other right shall be treated as the same asset acquired as the first-mentioned right was acquired.

This subsection does not apply in relation to a savings-related share option scheme, within the meaning of section 187 of that Act, unless the first-mentioned right was acquired as mentioned in section 185(1) of that Act.”

26 The following sections shall be inserted after section 149—

“149A Building societies and life policies

- (1) If in the course of or as part of an amalgamation of two or more building societies or a transfer of engagements from one building society to another,

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there is a disposal of an asset by one society to another, both shall be treated for the purposes of corporation tax on chargeable gains as if the asset were acquired from the one making the disposal for a consideration of such amount as would secure that on the disposal neither a gain nor a loss would accrue to the one making the disposal.

In this subsection “building society” means a building society within the meaning of the Building Societies Act 1986.

- (2) Where any investments or other assets are or have been, in accordance with a policy issued in the course of life assurance business carried on by an insurance company, transferred to the policy holder on or after 6th April 1967, the policy holder’s acquisition of the assets and the disposal of them to him shall be deemed to be, for the purposes of this Act, for a consideration equal to the market value of the assets.

In this subsection “life assurance business” and “insurance company” have the same meaning as in Chapter I of Part XII of the Taxes Act 1988.

149B Miscellaneous exemptions

- (1) The following gains shall not be chargeable gains—
- (a) gains accruing on the disposal of stock—
 - (i) transferred to accounts in the books of the Bank of England in the name of the Treasury or the National Debt Commissioners in pursuance of any Act of Parliament; or
 - (ii) belonging to the Crown, in whatever name it may stand in the books of the Bank of England;
 - (b) any gain accruing to a person from his acquisition and disposal of assets held by him as part of a fund mentioned in section 613(4) of the Taxes Act 1988 (Parliamentary pension funds) or of which income is exempt from income tax under section 614(1) of that Act (social security supplementary schemes);
 - (c) any gain accruing to a person from his acquisition and disposal of assets held by him as part of a fund mentioned in section 614(4) or paragraph (b), (c), (d), (f) or (g) of section 615(2) of the Taxes Act 1988 (India etc. pension funds) or as part of a fund to which subsection (3) of that section applies (pension funds for overseas employees);
 - (d) any gain accruing to a person from his acquisition and disposal of assets held by him as part of any fund maintained for the purpose mentioned in subsection (5)(b) of section 620 or subsection (5) of section 621 of the Taxes Act 1988 under a scheme for the time being approved under that subsection;
 - (e) any gain accruing on the disposal by the trustees of any settled property held on trusts in accordance with directions which are valid and effective under section 9 of the Superannuation and Trust Funds (Validation) Act 1927 (trust funds for the reduction of the National Debt);
 - (f) any gain accruing to a consular officer or employee, within the meaning of section 322 of the Taxes Act 1988, of any foreign state

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to which that section applies on the disposal of assets which at the time of the disposal were situated outside the United Kingdom;

- (g) any gain accruing to a person from his disposal of investments if, or to such extent as the Board are satisfied that, those investments were held by him or on his behalf for the purposes of a scheme which at the time of the disposal is an exempt approved scheme;
- (h) any gain accruing to a person on his disposal of investments held by him for the purposes of an approved personal pension scheme;
- (j) any gain accruing to a unit holder on his disposal of units in an authorised unit trust which is also an approved personal pension scheme or is one to which section 592(10) of the Taxes Act 1988 applies.

In this subsection “exempt approved scheme” and “approved personal pension scheme” have the same meanings as in Part XIV of the Taxes Act 1988.

- (2) Where a claim is made in that behalf, a gain which accrues to a person on the disposal of investments shall not be a chargeable gain for the purposes of capital gains tax if, or to such extent as the Board are satisfied that, those investments were held by him or on his behalf for the purposes of a fund to which section 608 of the Taxes Act 1988 applies.

A claim under this subsection shall not be allowed unless the Board are satisfied that the terms on which benefits are payable from the fund have not been altered since 5th April 1980.

- (3) A local authority, and a local authority association, within the meaning of section 519 of the Taxes Act 1988, shall be exempt from capital gains tax.
- (4) Any terminal bonus, or interest or other sum, payable under a certified contractual savings scheme—
 - (a) in respect of money raised under section 12 of the National Loans Act 1968; or
 - (b) in respect of shares in a building society,shall be disregarded for all purposes of the enactments relating to capital gains tax.

This subsection shall be construed as one with section 326 of the Taxes Act 1988.

- (5) A signatory to the Operating Agreement made pursuant to the Convention on the International Maritime Satellite Organisation which came into force on 16th July 1979, other than a signatory designated for the purposes of the Agreement by the United Kingdom in accordance with the Convention, shall be exempt from capital gains tax in respect of any payment received by that signatory from the Organisation in accordance with the Agreement.
- (6) The following shall, on a claim made in that behalf to the Board, be exempt from tax in respect of all chargeable gains—
 - (a) the Trustees of the British Museum and the Trustees of the British Museum (Natural History); and
 - (b) an Association within the meaning of section 508 of the Taxes Act 1988 (scientific research organisations).

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- (7) The Historic Buildings and Monuments Commission for England, the Trustees of the National Heritage Memorial Fund, the United Kingdom Atomic Energy Authority and the National Radiological Protection Board shall be exempt from tax in respect of chargeable gains; and for the purposes of this subsection gains accruing from investments or deposits held for the purposes of any pension scheme provided and maintained by the United Kingdom Atomic Energy Authority shall be treated as if those gains and investments and deposits belonged to the Authority.
- (8) There shall be exempt from tax any chargeable gains accruing to the issue department of the Reserve Bank of India constituted under an Act of the Indian legislature called the Reserve Bank of India Act 1934, or to the issue department of the State Bank of Pakistan constituted under certain orders made under section 9 of the Indian Independence Act 1947.
- (9) Any disposal and acquisition made in pursuance of an arrangement mentioned in subsection (1) or (2) of section 129 of the Taxes Act 1988 (stock lending) shall, subject to regulations under subsection (4) of that section, be disregarded for the purposes of capital gains tax.

149C Business expansion schemes

- (1) In this section “relief” means relief under Chapter III of Part VII of the Taxes Act 1988, Schedule 5 to the Finance Act 1983 (“the 1983 Act”) or Chapter II of Part IV of the Finance Act 1981 (“the 1981 Act”) and “eligible shares” has the meaning given by section 289(4) of the Taxes Act 1988.
- (2) A gain or loss which accrues to an individual on the disposal of any shares issued after 18th March 1986 in respect of which relief has been given and not withdrawn shall not be a chargeable gain or allowable loss for the purposes of capital gains tax.
- (3) The sums allowable as deductions from the consideration in the computation for the purposes of capital gains tax of the gain or loss accruing to an individual on the disposal of shares issued before 19th March 1986 in respect of which any relief has been given and not withdrawn shall be determined without regard to that relief, except that where those sums exceed the consideration they shall be reduced by an amount equal to—
 - (a) the amount of that relief; or
 - (b) the excess,
 whichever is the less, but the foregoing provisions of this subsection shall not apply to a disposal falling within section 44(1) above.
- (4) Sections 88 and 89 of the Finance Act 1982 (identification of securities disposed of) shall not apply to shares in respect of which any relief has been given and not withdrawn; and any question—
 - (a) as to which of any such shares issued to a person at different times a disposal relates; or
 - (b) whether a disposal relates to such shares or to other shares;
 shall for the purposes of capital gains tax be determined as for the purposes of section 299 of the Taxes Act 1988, or section 57 of the Finance Act 1981 if the relief has only been given under that Act.

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- (5) Where an individual holds shares which form part of the ordinary share capital of a company and the relief has been given (and not withdrawn) in respect of some but not others, then, if there is within the meaning of section 77 above a reorganisation affecting those shares, section 78 shall apply separately to the shares in respect of which the relief has been given (and not withdrawn) and to the other shares (so that shares of each kind are treated as a separate holding of original shares and identified with a separate new holding).
- (6) Where section 44 above has applied to any eligible shares disposed of by an individual to his or her spouse (“the transferee”), subsection (2) above shall apply in relation to the subsequent disposal of the shares by the transferee to a third party.
- (7) Where section 85 or 86 above would, but for this subsection, apply in relation to eligible shares in respect of which an individual has been given relief, that section shall apply only if the relief is withdrawn.
- (8) Sections 78 to 81 above shall not apply in relation to any shares in respect of which relief (other than relief under the 1981 Act) has been given and which form part of a company’s ordinary share capital if—
 - (a) there is, by virtue of any such allotment for payment as is mentioned in section 77(2)(a) above, a reorganisation occurring after 18th March 1986 affecting those shares; and
 - (b) immediately following the reorganisation, the relief has not been withdrawn in respect of those shares or relief has been given in respect of the allotted shares and not withdrawn.
- (9) Where relief is reduced by virtue of subsection (2) of section 305 of the Taxes Act 1988—
 - (a) the sums allowable as deductions from the consideration in the computation, for the purposes of capital gains tax, of the gain or loss accruing to an individual on the disposal, after 18th March 1986, of any of the allotted shares or debentures shall be taken to include the amount of the reduction apportioned between the allotted shares or (as the case may be) debentures in such a way as appears to the inspector, or on appeal to the Commissioners concerned, to be just and reasonable; and
 - (b) the sums so allowable on the disposal (in circumstances in which subsections (2) to (7) above do not apply) of any of the shares referred to in section 305(2)(a) shall be taken to be reduced by the amount mentioned in paragraph (a) above, similarly apportioned between those shares.
- (10) There shall be made all such adjustments of capital gains tax, whether by way of assessment or by way of discharge or repayment of tax, as may be required in consequence of the relief being given or withdrawn.

149D Personal equity plans

- (1) The Treasury may make regulations providing that an individual who invests under a plan shall be entitled to relief from capital gains tax in respect of the investments.

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(2) Subsections (2) to (5) of section 333 of the Taxes Act 1988 (personal equity plans) shall apply in relation to regulations under subsection (1) above as they apply in relation to regulations under subsection (1) of that section but with the substitution for any reference to income tax of a reference to capital gains tax.

(3) Regulations under this section shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of the House of Commons.”.

27 In section 155 (interpretation) after subsection (1) there shall be inserted—

“(1A) In this Act “retail prices index” shall have the same meaning as in the Income Tax Acts and, accordingly, any reference in this Act to the retail prices index shall be construed in accordance with section 833(2) of the Taxes Act 1988.”.

28 In section 157 (savings) after subsection (1) there shall be inserted—

“(1A) No letters patent granted or to be granted by the Crown to any person, city, borough or town corporate of any liberty, privilege, or exemption from subsidies, tolls, taxes, assessments or aids, and no statute which grants any salary, annuity or pension to any person free of any taxes, deductions or assessments, shall be construed or taken to exempt any person, city, borough or town corporate, or any inhabitant of the same, from tax chargeable in pursuance of this Act.”