

SCHEDULES

SCHEDULE 7

RELIEF FOR GIFTS OF BUSINESS ASSETS

PART II

REDUCTIONS IN HELD-OVER GAIN

Reductions peculiar to disposals of assets

- 5 (1) If, in the case of a disposal of an asset, the asset was not used for the purposes of the trade, profession or vocation referred to in paragraph (a) of the principal provision throughout the period of its ownership by the transferor, the amount of the held-over gain shall be reduced by multiplying it by the fraction—

$$\frac{A}{B}$$

where—

A is the number of days in that period of ownership during which the asset was so used, and

B is the number of days in that period.

- (2) This paragraph shall not apply where the circumstances are such that a reduction in respect of the asset—
- (a) is made under Chapter II of Part V of the Inheritance Tax Act 1984 in relation to a chargeable transfer taking place on the occasion of the disposal, or
 - (b) would be so made if there were a chargeable transfer on that occasion, or
 - (c) would be so made but for section 124A of that Act (assuming, where there is no chargeable transfer on that occasion, that there were).