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## SCHEDULES

### NINTH SCHEDULE

#### MISCELLANEOUS RULES APPLICABLE TO CASE VII OF SCHEDULE D

*Discharge and assignment of contracts; options and other conditional contracts, etc.*

- 1 (1) Save as provided by paragraph 2 below, a person's acquisition or disposal of an asset by a contract in that behalf shall be disregarded for purposes of Case VII if—
- (a) the contract is discharged by mutual consent or by operation of law; or
  - (b) default is made in carrying out the contract and by reason of that default there is no conveyance or transfer to implement the contract, whether by or to the person originally making the contract or another; or
  - (c) the contract is conditional and the condition is not satisfied.
- (2) Where a person disposes of an asset, and the whole or part of the consideration is irrecoverable, the amount irrecoverable shall be disregarded in so far as it is not realised by the disposal in whole or in part of the right to the consideration; and if the consideration is abated for any error in or default under the contract, Chapter II of Part II of this Act shall apply as if the abated consideration had originally been contracted for.
- (3) If in the case of a conditional contract to acquire or dispose of an asset the condition is satisfied (and in particular if in the case of a contract conferring an option the option is exercised), then subject to the following sub-paragraphs the acquisition or disposal of the asset by the contract shall be treated as taking place at the time when the condition is satisfied.
- (4) If the disposal of an asset by a conditional contract is made for a consideration not depending wholly or mainly on the value of the asset at the time the condition is satisfied the contract shall in relation to the disposal be treated (on the condition being satisfied) as if it had never been conditional.
- (5) Where a contract for the disposal of an asset is discharged by mutual consent, but is replaced by a new contract for its disposal to the same person or to another in his place, the disposal by the new contract shall be treated as if it had taken place at the time when the disposal by the previous contract is to be treated as having taken place, and if the previous contract was a conditional contract, the condition shall for that purpose be treated as satisfied by the making of the new contract.
- (6) Nothing in sub-paragraphs (3) to (5) above shall apply in relation to a contract entered into before the tenth day of April, nineteen hundred and sixty-two.
- 2 (1) Subject to paragraph 18 of this Schedule, a person acquiring a right under a subsisting contract to acquire or dispose of an asset shall be treated as thereby acquiring or disposing of the asset to the like extent as if he had then entered into a new contract conferring that right (his undertaking the obligations under the subsisting contract not being treated as consideration given by him for the acquisition of the right, but

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any consideration so given being treated, in relation to his acquisition and disposal of the asset, as an expense of acquiring or disposing of it).

- (2) Notwithstanding anything in subsection (1) of section twelve of this Act a person disposing of the right under a subsisting contract to acquire or dispose of an asset shall not be treated as thereby disposing of the asset nor, in a case not within sub-paragraph (3) below, as having acquired or disposed of it by that contract.
- (3) Subject to paragraph 18 of this Schedule, where a person disposes of an asset to another subject to and with the benefit of any subsisting contract for its disposal to a third person, then, if the contract is not conditional or the condition is satisfied at the (time of the later disposal.—
  - (a) he shall not be treated as thereby making any new disposal of the asset except to the extent to which it was not disposed of by that contract, and so much of the consideration for the later disposal as is attributable to the right to receive the consideration under that contract shall be disregarded ; and
  - (b) he shall be treated as thereby completing the disposal by that contract, and that disposal shall not under paragraph 1 above be treated as affected by any subsequent discharge of or default under the contract or abatement of the consideration.
- (4) A person's right under a contract entered into by him to acquire or dispose of an asset shall, in relation to any disposal by him of that right, be treated as having been acquired by him on the making of the contract for any consideration given by him for having that right (other than his agreement to acquire or dispose of the asset); and where a person gives any consideration to be discharged from a contract to acquire or dispose of an asset, the person to whom it is given shall be treated as disposing for that consideration of his right under the contract to dispose of or acquire the asset.
- (5) Where a person dies after entering into a conditional contract for the acquisition or disposal of an asset (the condition not being satisfied at the time of his death), then—
  - (a) in the case of a contract to acquire the asset nothing in this paragraph shall apply so as to treat any other person as acquiring the asset by reason of that contract on the condition being satisfied, except that sub-paragraph (1) shall apply in relation to any person acquiring from the personal representatives or legatee the right under the contract to acquire the asset; and
  - (b) in the case of a contract to dispose of the asset, nothing in this or the last foregoing paragraph shall apply so as to treat him as disposing of the asset under the contract on the condition being satisfied.