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SCHEDULES

NINTH SCHEDULE

MISCELLANEOUS RULES APPLICABLE TO CASE VII OF SCHEDULE D

Gifts, settled property, and bargains not at arm's length

- 3 (1) Where a person resident and ordinarily resident in the United Kingdom either—
- (a) disposes by way of gift of an asset previously acquired by him, but does so without there being (within the meaning of Case VII) an acquisition and disposal by him ; or
 - (b) disposes by way of gift of an asset acquired by him only as legatee ;
- then, so far as relates to the interest taken by the donee, the donee shall be treated as if the donor's acquisition of the asset had been his acquisition of it.
- (2) Subject to sub-paragraph (4) below, where in a case not falling within paragraph (a) or (b) of sub-paragraph (1) above a person resident and ordinarily resident in the United Kingdom disposes by way of gift of an asset acquired or to be acquired by him, and the donee is also resident and ordinarily resident in the United Kingdom, then on an election being made in that behalf—
- (a) the donor shall not be chargeable under Case VII in respect of any acquisition and disposal by reference to that disposal ; and
 - (b) the donee shall be treated as if the donor's acquisition of the asset had been his acquisition of it, but so that the amount of the consideration for which he is treated as acquiring the asset shall not by virtue of this sub-paragraph be increased.
- (3) An election under sub-paragraph (2) above shall be made by the donor and the donee jointly, except that it may be made by the donee alone if the donor would not apart from that sub-paragraph be chargeable to tax under Case VII in respect of the gain (if any) treated as accruing to him from his acquisition and disposal of the asset.
- (4) Sub-paragraph (2) above shall not apply in relation to a gift of shares where the donor is, but the donee is not, in relation to his acquisition and disposal of the shares, within section fourteen of this Act (" shares " having for this purpose the same meaning as in that section).
- (5) A person shall not be chargeable under Case VII in respect of any acquisition and disposal by reference to a disposal made to any charity or Association within subsection (1) of section fifteen of this Act if the disposal is by way of gift for the purposes of the charity or Association.