



Finance Act 1962

1962 CHAPTER 44

PART II

INCOME TAX AND PROFITS TAX

CHAPTER II

CHARGE ON GAINS FROM ACQUISITION AND DISPOSAL OF ASSETS

13 Computation of gains

- (1) Subject to the provisions of this Chapter the gain accruing to a person from his acquisition and disposal of any asset shall be computed for purposes of Case VII in the like manner as it would fall to be computed for purposes of Case I of Schedule D if the acquisition and disposal (together with anything done by him to or in relation to the asset in connection with the acquisition and disposal or with a view to the disposal) had been an adventure in the nature of trade (but so that no dividend or interest in respect of which tax has been borne by deduction or otherwise shall be brought into the computation as a receipt).
- (2) Subsection (1) above shall not be treated as applying for purposes of Case VII any provision as to the period of computation of profits for purposes of Case I, but the gain accruing on any disposal of an asset shall be computed in one sum as from the relevant acquisition (or first relevant acquisition).
- (3) Subject to the following subsections, the adventure by reference to which the gain on an acquisition and disposal is to be computed—
 - (a) shall not be treated as relating to any assets not included in the disposal or to any interest not so included in assets which are so included, whether or not the assets or interest not so included were or was included in a relevant acquisition of the assets disposed of;
 - (b) shall not be treated as relating to assets included in the disposal which either are not chargeable assets or were not included in a relevant acquisition ;

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- (c) subject to paragraph (b) above, shall be treated as relating—
- (i) to all assets included in the same disposal, whether or not included in the same acquisition ; and
 - (ii) to all relevant acquisitions of those assets; and
 - (iii) to the whole interest included in the disposal in any assets to which the adventure relates, whether or not the whole interest was included in any relevant acquisition ;
- and all necessary apportionments shall be made accordingly of the consideration for any acquisition or disposal or of any receipts or expenditure (including in particular, in the case of land, apportionments between the interest disposed of and an interest retained of receipts and expenditure in connection with the land).
- (4) If in the case of any asset the interest to which the adventure relates does not derive wholly from one or more relevant acquisitions, then the gain shall be computed as if such part of that interest as derives from any other acquisition had been first appropriated to the adventure immediately before the disposal.
- (5) If, in the case of land, there is included in the disposal besides the land to which the adventure relates any adjoining or neighbouring land, being chargeable assets and not being land acquired as legatee, so much (if any) of the consideration for the disposal as represents an enhancement due to a relevant acquisition of the first-mentioned land in the value of the adjoining or neighbouring land shall on the apportionment of the consideration be apportioned to the first-mentioned land.
- (6) If, in the case of land, the disposal is subject to an interest created by any such letting of the land as is excepted from Case VII by subsection (11) of section twelve of (this Act, and the letting was made by the person disposing of the land and made by him since a relevant acquisition, the adventure shall be treated as extending to that letting to the same extent as if the interest thereby created had been included in the disposal.
- (7) An asset shall be treated as having been acquired free of any interest or right by way of security subsisting at the time of any relevant acquisition of it, and as being disposed of free of any such interest or right subsisting at the time of the disposal.
- (8) For the purposes of this section—
- (a) " relevant acquisition " means, in relation to any disposal of an asset, an acquisition which with that disposal amounts to an acquisition and disposal within the meaning of this Chapter, except that it does not include an acquisition by reference to which tax is not chargeable, nor an acquisition from which no interest included in the disposal derives;
 - (b) an interest included in a disposal shall be treated as deriving from an acquisition if without that acquisition the whole interest could not have been so included, but so that the part of that interest which does and the part which does not derive from relevant acquisitions shall be determined as if any interest of temporary duration subsisting at the time of the first relevant acquisition (other than an interest of such a duration as to expire before the time of the disposal) had been of the same duration at the time of the disposal.