
STATUTORY INSTRUMENTS

1989 No. 466

TAXES

The Capital Gains Tax (Annual Exempt Amount) Order 1989

Made - - - - 14th March 1989

The Treasury, in pursuance of section 5(1C) of the Capital Gains Tax Act 1979⁽¹⁾, hereby make the following Order:

1. This Order may be cited as the Capital Gains Tax (Annual Exempt Amount) Order 1989.
2. The amount specified, which by virtue of section 5 of the Capital Gains Tax Act 1979 is, unless Parliament otherwise determines, the exempt amount for the year 1989–90, is £5,400.

14th March 1989

*Kenneth Carlisle
Alan Howarth*
Two of the Lords Commissioners of Her
Majesty's Treasury

⁽¹⁾ 1979 c. 14; section 5(1A), (1B) and (1C) was inserted by section 80(2) of the Finance Act 1982 (c. 39).

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order specifies £5,400 as the amount which, under section 5 of the Capital Gains Tax Act 1979 (“section 5”) (as amended by section 77 of the Finance Act 1980 (c. 48) and section 80 of the Finance Act 1982), is the exempt amount for the year 1989–90 unless Parliament otherwise determines. The exempt amount for the year 1988–89 was fixed by section 108 of the Finance Act 1988 (c. 39) at £5,000. The amount of £5,400 is the amount for 1988–89 increased by the amount of the percentage increase (6.8%) in the retail prices index for December 1988 over that for December 1987. The amount has been rounded up to the nearest £100 in accordance with section 5(1B).

The “retail prices index” is defined in section 24(8) of the Finance Act 1980 (as extended to the Capital Gains Tax Act 1979 by section 80(4) of the Finance Act 1982) as the “general index of retail prices (for all items) published by the Department of Employment”. The retail prices index for December 1987 is 103.3 and for December 1988 110.3 (based on January 1987 as 100). (Table 6.4 on pages S60 and S61 of the February 1989 number of the *Employment Gazette*, the official journal of the Department of Employment.)

The exempt amount has several applications for capital gains tax. Under section 5(1) an individual’s gains for a year of assessment are chargeable to tax only to the extent that they exceed the exempt amount. Under paragraphs 4 to 6 of Schedule 1 to the Capital Gains Tax Act 1979 (“paragraphs 4 to 6”) (as amended by section 77 of the Finance Act 1980, section 89 of the Finance Act 1981 (c. 35), section 80 of the Finance Act 1982 and by Schedule 29, paragraphs 15 and 32 to, the Income and Corporation Taxes Act 1988 (c. 1)), section 5(1) also applies, subject to detailed rules, to personal representatives, trustees of settlements for mentally disabled persons or persons in receipt of attendance allowance, and, as to one half of the exempt amount, trustees of other settlements.

Under section 5(5) an individual may, if appropriate, and unless an Inspector otherwise requires, satisfy his obligation to make a return of chargeable gains by stating that his gains do not exceed the exempt amount for the year and that the proceeds of his disposals in the year do not exceed an amount equal to twice the exempt amount. Under paragraphs 4 to 6, section 5(5) also applies to personal representatives and, subject to detailed rules, to trustees.