

*Changes to legislation:* There are currently no known outstanding effects for the Finance Act 1974, Cross Heading: Current use value—part disposals. (See end of Document for details)

## SCHEDULES

### [<sup>F1</sup>SCHEDULE 3

#### PROVISIONS SUPPLEMENTARY TO SECTION 38

##### Textual Amendments

- F1** Sch. 3 Repealed by Finance Act 1985 (c. 54, SIF 63:1), s. 98(6) and Sch. 27 Part X in relation to disposals of interests in land taking place on or after 19 March Finance Act 1985 (c. 54, SIF 63:1), but without affecting the construction of 1979 (C) Sch. 5 para. 9(5).

#### PART I

##### DEFINITIONS OF CURRENT USE VALUE, MATERIAL DEVELOPMENT, ETC.

###### *Current use value—part disposals*

- 2 (1) Subject to sub-paragraphs (5) to (7) below, this paragraph shall apply as regards the current use value of an interest in land which has been disposed of by way of a part disposal of an asset ( in this paragraph referred to as “the relevant asset”) consisting of an interest in land.
- (2) The current use value at the relevant time of the interest disposed of shall be the relevant fraction of the current use value of the relevant asset at that time, calculated on the same assumptions as to the lawfulness or otherwise of any material development as fall to be made under this Schedule in calculating the current use value at that time of the interest disposed of.
- (3) For the purposes of the preceding sub-paragraph “the relevant fraction” means that fraction of the sums mentioned in the following sub-paragraph which under [ subsection (2) of section 35 of the Capital Gains Tax Act 1979 <sup>F2</sup> ] is, or would but for [ subsection (4) of that section <sup>F2</sup> ] be, allowable as a deduction in computing under [ Chapter II of Part II of that Act <sup>F2</sup> ] the amount of the gain accruing on the part disposal.
- (4) The sums referred to in the preceding sub-paragraph are the sums which, if the entire relevant asset had been disposed of at the time of the part disposal, would be allowable by virtue of [ section 32 (1)(a) and (b) of the Capital Gains Tax Act 1979 <sup>F2</sup> ] as a deduction in computing under [ Chapter II of Part II of that Act <sup>F2</sup> ] the gain accruing on that disposal of the relevant asset.
- (5) Sub-paragraphs (2) to (4) above shall not apply—
- in the case of a disposal of an interest in land by way of a part disposal if, on making the disposal, the person doing so no longer has any interest in the land which is subject to that interest; or
  - in a case to which the following provisions of this paragraph apply.

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- (6) *In computing under this Chapter any gain accruing to a person on a part disposal of a lease which is a wasting asset by way of the grant of a sub-lease for a premium, the current use value of the lease at the time of its acquisition by the person making the disposal shall be the relevant fraction of what its current use value at that time would be apart from sub-paragraphs (2) to (4) above.*
- (7) *For the purposes of the preceding sub-paragraphs “the relevant fraction” means that fraction of the expenditure attributable to the lease under [ section 32(1)(a) and (b) of the Capital Gains Tax Act 1979 <sup>F2</sup>] which under paragraph 4 of [ Schedule 3 <sup>F2</sup> to that Act ( sub-leases out of short leases) falls to be apportioned to what is disposed of.*

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**Textual Amendments**

**F2** Capital Gains Tax Act 1979 (c. 14, SIF 63:1), s. 157(2) and Sch. 7 para. 9 for 1979-80 et seq.

- 3 *In computing under this Chapter any gain accruing to a person on a part disposal of an interest in land resulting under [ subsection (1) of section 20 of the Capital Gains Tax Act 1979 <sup>F3</sup>] from the receipt as mentioned in paragraph (a), (c) or (d) of that subsection of a capital sum, the current use value at the relevant time of the interest out of which the part disposal was made shall be taken to be what it would have been at that time if the circumstances which caused the capital sum to be received had not arisen.]*

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**Textual Amendments**

**F3** Capital Gains Tax Act 1979 (c. 14, SIF 63:1), s. 157(2) and Sch. 7 para. 9 for 1979-80 et seq.

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