

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1974. Cross Heading: Computation of development gain in respect of disposal of interest in land reflecting expenditure on enhancement. (See end of Document for details)

SCHEDULES

[^{F1}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- F1** Sch. 3 Repealed by Finance Act 1985 (c. 54, SIF 63:1), s. 98(6) and Sch. 27 Part X in relation to disposals of interests in land taking place on or after 19 March Finance Act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 II

OTHER PROVISIONS SUPPLEMENTARY TO SECTION 38

Computation of development gain in respect of disposal of interest in land reflecting expenditure on enhancement

- 12 (1) This paragraph shall apply in relation to a disposal of an interest in land to which the principal section applies if any expenditure which is or, but for paragraph 1 of [Schedule 3 to the Capital Gains Tax Act 1979 ^{F2}], would be allowable under [section 32(1)(b) of that Act ^{F2}] as a deduction from the consideration for the disposal in computing the chargeable gain accruing thereon has been incurred since the person making the disposal acquired the interest, not being expenditure attributable to material development of the land carried out as mentioned in paragraph 11(1) of this Schedule (that is, carried out after 17 th December 1973 [and ^{F3}] since the person making the disposal acquired the interest [but before the appointed day, within the meaning of the Development Land Tax Act 1976 ^{F3}]).
- (2) For the purpose of computing the amount given by subsection (3)(c) of the principal section the current use value of the interest in land at the time of its acquisition by the person making the disposal or, if the interest was acquired by him before 6 th April 1965, its current use value at that date shall be taken to be equal to the sum of the amounts mentioned in the following sub-paragraph.
- (3) The amounts referred to in the preceding sub-paragraph are the following, that is to say—
- (a) the current use value of the interest at the time of its acquisition by the person making the disposal or on 6 th April 1965, as the case may be; and
 - (b) so much of the expenditure mentioned in sub-paragraph (1) above as is reflected in the current use value of the interest at the time of the disposal.
- (4) Where material development of the land has been carried out (whether on only one occasion or on two or more different occasions) after 17 th December 1973 [and ^{F4}] since the person making the disposal acquired the interest [but before the appointed

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day, within the meaning of the Development Land Tax Act 1976 ^{F4}], sub-paragraphs (2) and (3) above shall not apply, and paragraph 11 of this Schedule shall have effect subject to the following provisions of this paragraph.

- (5) Where any expenditure mentioned in sub-paragraph (1) above was incurred before the date on which the material development of the land carried out after 17th December 1973 on the first or only occasion was begun, then in calculating under paragraph 11(4)(a) or 11(6)(a) of this Schedule the amount mentioned in the said paragraph 11(4)(a), the current use value of the interest at the time of its acquisition by the person making the disposal or on 6th April 1965, as the case may be, shall be increased by so much of the expenditure so incurred as is reflected in the current use value of the interest immediately before the date on which the material development carried out on that occasion was begun.
- (6) Where any expenditure so mentioned was incurred on or after the date on which the material development of the land so carried out on the last or only occasion was begun, then in calculating under paragraph 11(5)(b) or 11(6)(c) of this Schedule the expenditure attributable to that material development which is allowable as mentioned in the said paragraph 11(5)(b) there shall be included in that expenditure so much of the expenditure incurred as is reflected in the current use value of the interest at the time of the disposal.
- (7) Where any expenditure so mentioned was incurred on or after the date on which the material development (“the preceding development”) so carried out on any but the last of two or more occasions was begun but before the date on which the material development (“the following development”) carried out on the next of those occasions was begun, then, in calculating under paragraph 11(6)(b) of this Schedule the expenditure attributable to the preceding development which is allowable as mentioned in paragraph 11(5)(b) of this Schedule, there shall be included in that expenditure so much of the expenditure so incurred as is reflected in the current use value of the interest immediately before the date on which the following development was begun.]

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.
- F3** Development Land Tax Act 1976 (c. 24), s. 35(3)—Development Land Tax. By virtue of S.I. 1976 No. 1148 (C.33) the Treasury appointed 1 August 1976 to be the appointed day. Development Land Tax Act 1976 (c. 24), repealed by Finance Act 1985 (c. 54, SIF 63:1), ss. 93, 98(6) and Sch. 27 Part X.
- F4** Development Land Tax Act 1976 (c. 24), s. 35(3)—Development Land Tax. By virtue of S.I. 1976 No. 1148 (C.33) the Treasury appointed 1 August 1976 to be the appointed day. Development Land Tax Act 1976 (c. 24), repealed by Finance Act 1985 (c. 54, SIF 63:1), ss. 93, 98(6) and Sch. 27 Part X.

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