

**Changes to legislation:** There are currently no known outstanding effects for the Finance Act 1974, Cross Heading: The interest of a relevant person. (See end of Document for details)

## SCHEDULES

### [<sup>F1</sup>SCHEDULE 9

#### SUPPLEMENTARY PROVISIONS ABOUT DEEMED DISPOSALS UNDER SECTION 45

##### Textual Amendments

- F1** *Sch. 9 repealed by Finance Act 1985 (c. 54, SIF 63:1), s. 98(6) and Sch. 27 Part X in relation to disposals of interests in land taking place on or after 19 March Finance Act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).*

##### *The interest of a relevant person*

- 2 (1) *In the case of a relevant chargeable building, this paragraph shall apply in relation to the interest of a relevant person in the relevant land.*
- (2) *Subsection (1) of the principal section shall not apply to a relevant person's interest in the relevant land on the material date unless on that date—*
- (a) *the relevant land is wholly or partly let under one or more leases granted by him; and*
  - (b) *the rent or aggregate of the rents to which he is entitled under the lease or leases is £5,000 or more per annum,*

*and shall in any case not apply to his interest in so much, if any, of the relevant land as is occupied by him on that date.*

*For the purposes of this and the following sub-paragraph a relevant person who on any date occupies not less than 90 per cent. of the floor area of the relevant chargeable building shall be deemed to occupy on that date the whole of so much of the relevant land as is then subject to his interest (and references to occupation in this and the following sub-paragraph shall be construed accordingly).*

- (3) *Where by virtue of sub-paragraph (2) above subsection (1) of the principal section does not apply—*
- (a) *to a relevant person's interest in the relevant land on the material date by reason of his occupation of so much of that land as is subject to that interest; or*
  - (b) *to a relevant person's interest in that land on that date so far as it is not occupied by him,*

*then, if within the five-year period the rent or aggregate of the rents to which he is entitled under any lease or leases by which he has let the whole or any part or parts of the relevant land becomes £5,000 or more per annum, he shall be deemed for the purposes of [ the Capital Gains Tax Act 1979 <sup>F2</sup>] and Chapter I of this Part of this Act to have on the subsequent date disposed of and immediately re-acquired for a consideration equal to its market value his interest in so much of the relevant land as is not on the subsequent date occupied by him <sup>F3</sup>.*

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*In this and the following sub-paragraph “the subsequent date” means the date within the five-year period on which the said rent or the aggregate of the said rents first becomes £5,000 or more per annum or, if this sub-paragraph would to any extent apply to a relevant person’s interest on the last-mentioned date but for his occupation on that date of not less than 90 per cent. of the floor area of the relevant chargeable building, the date (if any) within the five-year period on which he first occupies less than 90 per cent. of that floor area.*

- (4) *If before the end of the five-year period a relevant person—*
- (a) *in a case where subsection (1) of the principal section applies to his interest on the material date in so much of the relevant land as was not occupied by him on that date, ceases to occupy any part of the relevant land which was occupied by him on that date; or*
  - (b) *in a case where sub-paragraph (3) above applies to his interest on the subsequent date in so much of the relevant land as was not occupied by him on that date, ceases to occupy any part of the relevant land which was occupied by him on that date,*
- then the said subsection (1) or sub-paragraph (3) shall apply to his interest in that part as if he had not been in occupation of it on the material date or the subsequent date, as the case may be (but without prejudice to the operation of this sub-paragraph in relation to his interest in any other such part of the relevant land which he may cease to occupy within the five-year period).*
- (5) *For the purposes of this paragraph the rent per annum to which a relevant person is entitled at any particular date under a lease of the whole or part of the relevant land shall be treated as being whichever of the following is the greater, that is to say—*
- (a) *the rent which at the time when the lease was granted was the rack-rent for so much of the relevant land as is let under the lease; and*
  - (b) *the actual rent per annum to which he is entitled under the lease at that date.]*

#### **Textual Amendments**

**F2** Capital Gains Tax Act 1979 (c. 14, SIF 63:1), s. 157(2) and Sch. 7 para. 8 for 1979-80 et seq.

**F3** See 1972 Sch. 16 para. 14A—legal restrictions on distributions not to affect amount of close company's income apportionable to participators so far as attributable to development gains on disposal deemed to have been made by virtue of Sch. 9 para. 2(3).

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