

SCHEDULES

SCHEDULE 4

TAXATION PROVISIONS

PART I

CORPORATION TAX

Chargeable gains: compensation and insurance money

- 3 (1) Subsections (4) and (5) of section 23 of the 1992 Act (adjustments where compensation or insurance money used for purchase of replacement asset) shall have effect in accordance with sub-paragraph (2) below where—
- (a) there is a relevant transfer such that any capital sum which has been or (but for the transfer) would have been received by the predecessor by way of compensation for the loss or destruction of any asset, or under a policy of insurance of the risk of the loss or destruction of any asset, becomes available to the transferee; and
 - (b) the transferee acquires any asset in circumstances where, if the predecessor had acquired it, the predecessor would be treated for the purposes of that section as having acquired it by the application of the whole or any part of that sum in replacement for the asset lost or destroyed.
- (2) In a case falling within sub-paragraph (1) above, subsection (4) or, as the case may require, subsection (5) of section 23 of the 1992 Act shall have effect as if the transferee and the predecessor were the same person except that—
- (a) it shall, subject to paragraph (b) below, be the transferee who shall be entitled as owner to make a claim for that subsection to be applied in relation to the transactions;
 - (b) any adjustment falling to be made under paragraph (a) of subsection (4) or, as the case may be, subsection (5) of that section shall have effect for the purposes only of the taxation of whichever of the predecessor and the transferee received the capital sum; and
 - (c) any adjustment falling, on a claim by the transferee, to be made under paragraph (b) of subsection (4) or, as the case may be, subsection (5) of that section shall have effect for the purposes only of the taxation of the transferee.
- (3) Sub-paragraph (2) above shall have effect for the purposes of any such adjustment as is mentioned in paragraph (c) of that sub-paragraph so as to require any residual or scrap value received by the predecessor to be treated as received by the transferee.