



Finance Act 1996

1996 CHAPTER 8

PART IV

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER V

SELF ASSESSMENT, GENERAL MANAGEMENT ETC.

Chargeable gains

142 Premiums for leases.

- (1) Paragraph 3 of Schedule 8 to the ^{M1}Taxation of Chargeable Gains Act 1992 (premiums for leases) shall be amended as follows.
- (2) In sub-paragraph (2), for the words “for the period” to the end there shall be substituted the words “, being a premium which—
 - (a) is due when the sum is payable by the tenant; and
 - (b) where the sum is payable in lieu of rent, is in respect of the period in relation to which the sum is payable.”
- (3) In sub-paragraph (3), for the words “for the period” to the end there shall be substituted the words “, being a premium which—
 - (a) is due when the sum is payable by the tenant; and
 - (b) is in respect of the period from the time when the variation or waiver takes effect to the time when it ceases to have effect.”
- (4) For sub-paragraphs (4) to (6) there shall be substituted the following sub-paragraphs—
 - “(4) Where under sub-paragraph (2) or (3) above a premium is deemed to have been received by the landlord, that shall not be the occasion of any

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recomputation of the gain accruing on the receipt of any other premium, and the premium shall be regarded—

- (a) in the case of a premium deemed to have been received for the surrender of a lease, as consideration for a separate transaction which is effected when the premium is deemed to be due and consists of the disposal by the landlord of his interest in the lease; and
 - (b) in any other case, as consideration for a separate transaction which is effected when the premium is deemed to be due and consists of a further part disposal of the freehold or other asset out of which the lease is granted.
- (5) If under sub-paragraph (2) or (3) above a premium is deemed to have been received by the landlord, otherwise than as consideration for the surrender of the lease, and the landlord is a tenant under a lease the duration of which does not exceed 50 years, this Schedule shall apply—
- (a) as if an amount equal to the amount of that premium deemed to have been received had been given by way of consideration for the grant of the part of the sublease covered by the period in respect of which the premium is deemed to have been paid; and
 - (b) as if that consideration were expenditure incurred by the sublessee and attributable to that part of the sublease under section 38(1)(b).”
- (5) This section has effect as respects sums payable on or after 6th April 1996.

Marginal Citations

M1 1992 c. 12.

Changes to legislation:

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