



Finance Act 2018

2018 CHAPTER 3

PART 1

DIRECT TAXES

Chargeable gains

26 Freezing of indexation allowance for gains chargeable to corporation tax

- (1) TCGA 1992 is amended as follows.
- (2) In section 53 (indexation allowance), before subsection (2) insert—

“(1B) Indexation allowance is not allowed in respect of changes shown by the retail prices indices for months after December 2017.”
- (3) In section 54 (calculation of indexation allowance)—
 - (a) in subsection (1), in the definition of “RD”, for “the month in which the disposal occurs” substitute “December 2017”;
 - (b) before subsection (2) insert—

“(1B) The references in subsection (1) to an item of allowable expenditure do not include any item of expenditure incurred on or after 1 January 2018.”
- (4) In section 110 (indexation for section 104 holdings for corporation tax)—
 - (a) in subsection (10), in the definition of “RE”, for “the month in which the operative event occurs” substitute “December 2017”;
 - (b) for subsection (11) substitute—

“(11) The indexed rise is nil if—

 - (a) RE, as defined in subsection (10), is equal to or less than RL, as so defined, or
 - (b) the month referred to in the definition of RL in subsection (10) is after December 2017.”

Status: This is the original version (as it was originally enacted).

- (5) In section 114 (consideration for options: corporation tax)—
- (a) in subsection (2), in the definition of “RO”, for “the month in which falls the date on which the option is exercised” substitute “December 2017”;
 - (b) for subsection (3) substitute—
 - “(3) The indexed rise is nil if—
 - (a) RO, as defined in subsection (2), is equal to or less than RA, as so defined, or
 - (b) the month referred to in the definition of RA in subsection (2) is after December 2017.”
- (6) Subject to subsection (7), the amendments made by this section have effect in relation to disposals on or after 1 January 2018.
- (7) This section does not affect the computation of the amount of so much of any gain as—
- (a) is treated for the purposes of the taxation of chargeable gains as having accrued on a disposal on or after 1 January 2018, but
 - (b) is taken for those purposes to be equal to the whole or a part of a gain that—
 - (i) would, but for an enactment relating to the taxation of chargeable gains, have accrued on an actual disposal made before 1 January 2018, or
 - (ii) would have accrued on a disposal assumed under such an enactment to have been made before that date.

27 Assets transfer to non-resident company: reorganisations of share capital etc

- (1) In section 140 of TCGA 1992 (postponement of charge on transfer of assets to non-resident company), after subsection (4A) insert—
- “(4B) In determining whether a chargeable gain is deemed to accrue under subsection (4), any disapplication of section 127 by paragraph 4(3)(a) of Schedule 7AC in a case in which that section would otherwise have applied shall be disregarded.”
- (2) The amendment made by this section has effect in relation to disposals on or after 22 November 2017.

28 Depreciatory transactions within a group of companies

- (1) In section 176(1) of TCGA 1992 (depreciatory transactions within a group of companies), for “within the period of 6 years ending with the disposal” substitute “on or after 31st March 1982”.
- (2) The amendment made by this section has effect in relation to disposals of shares in, or securities of, a company—
- (a) made on or after 22 November 2017, or
 - (b) treated as made at an earlier time specified in a claim under section 24 of TCGA 1992 (negligible value claims) made on or after that date.