

*Status: Point in time view as at 12/02/2019.*

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## SCHEDULES

### SCHEDULE 1 U.K.

#### CHARGEABLE GAINS ACCRUING TO NON-RESIDENTS ETC

#### PART 2 U.K.

##### CONSEQUENTIAL AMENDMENTS

###### TMA 1970

22 In TMA 1970, after section 8B insert—

#### “8C Returns so far as relating to capital gains tax

- (1) This section applies if—
  - (a) the amount of chargeable gains accruing to a person in a tax year does not exceed the annual exempt amount for the year applicable to the person under section 1K of the 1992 Act,
  - (b) the total amount or value of the consideration for all chargeable disposals of assets made by the person in the year does not exceed four times that annual exempt amount,
  - (c) the person is not a remittance-basis individual for the year, and
  - (d) a notice under section 8 or 8A is given to the person requiring information for the purpose of establishing the amount in which the person is chargeable to capital gains tax for the year.
- (2) If the person makes a statement confirming the matters set out in subsection (1)(a) to (c), the statement constitutes sufficient compliance with that requirement.
- (3) For the purposes of this section every disposal is a “chargeable disposal” other than—
  - (a) a disposal on which any gain accruing is not a chargeable gain, and
  - (b) a disposal to which section 58 of the 1992 Act applies (spouses and civil partners).
- (4) For the purposes of this section an individual is “a remittance-basis individual” for a tax year if—
  - (a) section 809B of ITA 2007 applies to the individual for the year, or
  - (b) paragraph 2 of Schedule 1 to the 1992 Act applies in relation to any gains that are treated as accruing to the individual in the year as a result of paragraph 1 of that Schedule.”

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### TCGA 1992

23 TCGA 1992 is amended as follows.

24 In section 16 (computation of losses), omit subsection (3).

25 (1) Section 25 (non-residents: deemed disposals) is amended as follows.

(2) In subsection (3A), for paragraph (b) substitute—

“(b) on ceasing to carry on the trade the asset is disposed of in circumstances in which section 139 or 171 applies.”

(3) In subsection (7), for the words from “the disposal—” to the end substitute “ the disposal would be chargeable to capital gains tax under section 1A(3)(a) or to corporation tax under section 2B(3). ”

26 For section 25ZA substitute—

**“25ZA Postponing gain or loss under section 25(3): interests in UK land**

(1) This section applies if an interest in UK land is deemed to have been disposed of under section 25(3) by a person at any time.

(2) The gain or loss that, but for this subsection, would have accrued to the person at that time is not to accrue at that time.

(3) But, on a subsequent disposal by the person of the whole or part of the interest in UK land, the whole or a corresponding part of the gain or loss is treated as accruing on the subsequent disposal.

(4) This gain or loss is in addition to any gain or loss that actually accrues on the subsequent disposal.

(5) A disposal to which section 171 (transfers within a group) applies does not count as a subsequent disposal for the purposes of this section.

(6) A person may elect for a disposal deemed to have been made under section 25(3) to be excluded from the operation of this section.

(7) An election made by a company must be made within 2 years after the day on which the deemed disposal occurs.

(8) In this section “interest in UK land” has the meaning given by section 1C.”

27 (1) Section 48A (unascertainable consideration) is amended as follows.

(2) In subsection (1), for paragraph (a) substitute—

“(a) a person (“P”) has made a disposal (“the original disposal”) on which a relevant non-resident gain or relevant non-resident loss accrued,”.

(3) In subsection (2)—

(a) in the opening words, for the words from “condition A” to “the receipt of the ascertained consideration—” substitute “ P is not UK resident for the tax year in which the ascertained consideration is received (as determined for the purposes of Chapter 1 of Part 1)— ”, and

(b) in paragraph (c), in step 2, for “NRCGT gain or loss, ATED-related gain or loss” substitute “ relevant non-resident gain or relevant non-resident loss ”.

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- (4) After subsection (6) insert—
- “(7) In this section—
- “relevant non-resident gain” means—
- (a) a gain that falls to be dealt with by section 1A(3) because the asset disposed of is within paragraph (b) or (c) of that subsection, or
- (b) a gain that falls to be dealt with by section 1A(1) in accordance with section 1G(2) because the asset disposed of is within section 1A(3)(b) or (c), and
- “relevant non-resident loss” means an allowable loss accruing on a disposal which, had a gain accrued instead, would have been a relevant non-resident gain.”
- (5) The amendments made by this paragraph have effect where the ascertained consideration is received on or after 6 April 2019, but, subject to the following modifications, in a case where the original disposal was made before that date.
- (6) In that case, section 48A of TCGA 1992—
- (a) has effect without the amendments made by sub-paragraphs (2) and (3)(b), and
- (b) has effect as if, in step 3 in subsection (2)(c) of that section, for “(of the type appropriate to the computation)” (in both places) there were substituted “(of a kind most closely corresponding to that accruing on the original disposal)”.
- 28      In section 59 (partnerships), in subsections (2)(b), (3) and (4), for “capital gains of the partnership” substitute “chargeable gains of the partnership”.
- 29      (1) Section 62 (death: general provisions) is amended as follows.
- (2) In subsection (2A)—
- (a) in paragraph (a), for “section 10A” substitute “section 1M”, and
- (b) for paragraph (b) substitute—
- “(b) relevant non-resident gains (see subsection (11)).”
- (3) In subsection (2AA), for “allowable NRCGT losses (see section 57B and Schedule 4ZZB)” substitute “relevant non-resident losses (see subsection (11))”.
- (4) After subsection (10) insert—
- “(11) In this section—
- “relevant non-resident gain” means—
- (a) a gain that falls to be dealt with by section 1A(3) because the asset disposed of is within paragraph (b) or (c) of that subsection, or
- (b) a gain that falls to be dealt with by section 1A(1) in accordance with section 1G(2) because the asset disposed of is within section 1A(3)(b) or (c), and
- “relevant non-resident loss” means an allowable loss accruing on a disposal which, had a gain accrued instead, would have been a relevant non-resident gain.”

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- (5) The reference to relevant non-resident gains in section 62(2A)(b) of TCGA 1992 (as substituted by sub-paragraph (2)(b)) includes NRCGT gains as defined by section 57B of, and Schedule 4ZZB to, that Act.
- (6) The reference here to section 57B of, and Schedule 4ZZB to, TCGA 1992 is to those provisions as they had effect before their repeal by this Schedule.
- 30 (1) Section 79B (attribution to trustees of gains of non-resident companies) is amended as follows.
- (2) In subsection (1), for “section 13” substitute “ section 3 (see section 3B) ”.
- (3) In subsection (2), for “section 13” substitute “ section 3 ”.
- (4) In subsection (3)—
- (a) for “section 13(2)” substitute “ section 3 ”, and
- (b) for “section 13(9)” substitute “ section 3(7) ”.
- (5) In subsection (4), for “section 13(9)” substitute “ section 3(7) ”.
- 31 For section 80A substitute—

**“80A Postponing gain or loss under section 80(2): interests in UK land**

- (1) This section applies if—
- (a) an interest in UK land is deemed to have been disposed of under section 80(2) by trustees of a settlement at any time, and
- (b) the trustees make an election under this subsection.
- (2) The gain or loss that, but for this subsection, would have accrued to the trustees at that time is not to accrue at that time.
- (3) But, on a subsequent disposal by the trustees of the whole or part of the interest in UK land, the whole or a corresponding part of the gain or loss is treated as accruing on the subsequent disposal.
- (4) This gain or loss is in addition to any gain or loss that actually accrues on the subsequent disposal.
- (5) In this section “interest in UK land” has the meaning given by section 1C.”
- 32 In section 85A (transfers of value: attribution of gains to beneficiaries and treatment of losses)—
- (a) in subsection (2A), for “any section 2(2) amount” substitute “ any section 1(3) amount ”, and
- (b) in subsection (3), for “section 2(2) amount” (in both places) substitute “ section 1(3) amount ”.
- 33 (1) Section 86 (attribution of gains to settlors with interest in non-resident or dual resident settlements) is amended as follows.
- (2) In subsection (1)(e), for “section 2(2)” substitute “ section 1(3) ”.
- (3) For subsection (4ZA) substitute—
- “(4ZA) Where (apart from this subsection) the amount mentioned in subsection (1) (e) would include a chargeable gain or allowable loss to which section 1A(3)

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- (b) or (c) applies (disposals by non-UK residents within the charge to capital gains tax), so much of the gain or loss as would be so included is to be disregarded for the purposes of subsection (1)(e).”
- 34 (1) Section 86A (attribution of gains to settlor in section 10A cases) is amended as follows.
- (2) In subsection (1)(a), for “section 10A” substitute “ section 1M(3) ”.
- (3) In subsection (2), for “the section 2(2) amount” substitute “ the section 1(3) amount ”.
- (4) In subsection (3), for “section 10A” substitute “ section 1M(3) ”.
- (5) In subsection (4)(a), for “the section 2(2) amount” substitute “ the section 1(3) amount ”.
- (6) In subsection (6), for “section 10A” substitute “ section 1M(3) ”.
- (7) In subsection (7), for “the section 2(2) amount” (in both places) substitute “ the section 1(3) amount ”.
- (8) In subsection (8)(c), for “section 10A” substitute “ section 1M(3) ”.
- (9) In the title, for “in section 10A cases” substitute “ where temporarily non-resident ”.
- 35 (1) Section 87 (non-UK resident settlements: attribution of gains to beneficiaries) is amended as follows.
- (2) In subsection (2), for “the section 2(2) amount” substitute “ the section 1(3) amount ”.
- (3) In subsection (4)—
- (a) in the opening words, for “The section 2(2) amount” substitute “ The section 1(3) amount ”, and
- (b) in paragraph (a), for “section 2(2)” substitute “ section 1(3) ”.
- (4) In subsection (5), for “The section 2(2) amount” substitute “ The section 1(3) amount ”.
- (5) For subsection (5A) substitute—
- “(5A) Where (apart from this subsection) the amount mentioned in subsection (4) (a) would include a chargeable gain or allowable loss to which section 1A(3) (b) or (c) applies (disposals by non-UK residents within the charge to capital gains tax), so much of the gain or loss as would be so included is to be disregarded for the purposes of determining the section 1(3) amount.”
- (6) In subsection (5B), for “the section 2(2) amount” substitute “ the section 1(3) amount ”.
- 36 In section 87A (section 87: matching), for “the section 2(2) amount” (in each place) substitute “ the section 1(3) amount ”.
- 37 In section 87B (section 87: remittance basis), for subsection (2) substitute—
- “(2) The chargeable gains are chargeable gains accruing on the disposal of an asset situated outside the United Kingdom.”
- 38 In section 87J (relevant parts of payment from which onward gift derive), in subsections (2) and (5), for “the section 2(2) amount” substitute “ the section 1(3) amount ”.

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- 39 In section 87N (sections 87 and 87A: disregard of payments to migrating beneficiary), in subsection (2)(d)(i) and (ii), for “the section 2(2) amount” substitute “ the section 1(3) amount ”.
- 40 In section 87P (sections 87 and 87A: temporary migration after payment disregarded), in subsection (1)(e)(i) and (ii), for “the section 2(2) amount” substitute “ the section 1(3) amount ”.
- 41 In section 88 (gains of dual settlements), in subsections (2) and (3)(a) and (b), for “section 2(2)” substitute “ section 1(3) ”.
- 42 In section 89 (migrant settlements, etc), in subsection (2), for “the section 2(2) amount” substitute “ the section 1(3) amount ”.
- 43 In section 90 (sections 87 and 89(2): transfers between settlements), in subsection (3) (in both places) and subsections (5) and (10)(b), for “the section 2(2) amount” substitute “ the section 1(3) amount ”.
- 44 In section 91 (increase in tax payable under section 87 or 89(2), in subsection (1) (a), for “the section 2(2) amount” substitute “ the section 1(3) amount ”.
- 45 In section 96 (payments by and to companies), in subsection (9A)(a), for “section 10A” substitute “ section 1M ”.
- 46 Omit section 100A (exemption for certain EEA UCITS).
- 47 In section 103KC (carried interest: foreign chargeable gains), for “a foreign chargeable gain within the meaning of section 12” substitute “ a chargeable gain accruing on the disposal of an asset situated outside the United Kingdom ”.
- 48 In section 103KE (carried interest: avoidance of double taxation), in subsection (8) (b), for “section 2(2)(b)” substitute “ section 1(3)(b) ”.
- 49 (1) Section 139 (reconstruction involving transfer of business) is amended as follows.
- (2) In subsection (1A)—
- (a) in paragraphs (a) and (b), omit “or NRCGT assets”, and
- (b) in the sentence after paragraph (b), for the words from “and would by virtue of” to “purposes” substitute “ chargeable to corporation tax as a result of section 2B(3) or (4) ”.
- (3) Omit subsection (1AA).
- 50 In section 140A (transfer or division of UK business), in subsection (2), for “section 10B” substitute “ section 2B(3) ”.
- 51 (1) Section 140E (merger leaving assets within UK tax charge) is amended as follows.
- (2) In subsection (5)(b), for “section 10B” substitute “ section 2B(3) ”.
- (3) In subsection (6)(b), for “section 10B” substitute “ section 2B(3) ”.
- 52 In section 159 (non-residents: roll-over relief), in subsection (4), for the words from “the disposal—” to the end substitute “ the disposal would be chargeable to capital gains tax under section 1A(3)(a) or to corporation tax under section 2B(3). ”
- 53 For section 159A substitute—

**“159A Disposals of interests in UK land by non-residents: roll-over relief**

- (1) This section applies in a case where—

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- (a) the old assets that are disposed of are interests in UK land, and
    - (b) a chargeable gain accruing on the disposal would (apart from section 152) be within the charge to tax because of section 1A(3)(b) or 2B(4)(a).
  - (2) Section 152 applies only if the new assets that are acquired are interests in UK land.
  - (3) In this section—
    - (a) “interest in UK land” has the meaning given by section 1C,
    - (b) “the old assets” and “the new assets” have the same meaning as in section 152,
    - (c) any reference to a disposal of the old assets includes a disposal of an interest in them,
    - (d) the reference to the acquisition of the new assets includes the acquisition of an interest in them or entering into an unconditional contract for their acquisition.”
- 54 (1) Section 161 (appropriations to and from trading stock) is amended as follows.
- (2) In subsection (1), for “subsections (3) to (3ZB)” substitute “ subsection (3) ”.
  - (3) Omit subsections (3ZA) and (3ZB).
  - (4) In subsection (3A), omit “or (3ZA)”.
- 55 (1) Section 165 (relief for gifts of business assets) is amended as follows.
- (2) In subsection (7A)(a), for “non-resident CGT disposal” substitute “ direct or indirect disposal of UK land which meets the non-residence condition ”.
  - (3) In subsection (7B), for “references to “chargeable NRCGT gain”” substitute “ references to “so much of any gain accruing on the disposal as falls to be dealt with as mentioned in subsection (7D)(a) or (b)” ”.
  - (4) In subsection (7C), for “ “the chargeable NRCGT gain” substitute “ “so much of the gain mentioned in subsection (7B)” ”.
  - (5) After that subsection insert—
    - “(7D) For the purposes of subsections (7A) to (7C) a disposal is a “direct or indirect disposal of UK land which meets the non-residence condition” if it is—
      - (a) a disposal on which a gain accrues that falls to be dealt with by section 1A(3) because the asset disposed of is within paragraph (b) or (c) of that subsection, or
      - (b) a disposal on which a gain accrues that falls to be dealt with by section 1A(1) in accordance with section 1G(2) because the asset disposed of is within section 1A(3)(b) or (c).”
- 56 (1) Section 167A (gifts of UK residential property interests to non-residents) is amended as follows.
- (2) In subsection (1)—
    - (a) in the opening words, for “of a UK residential property interest” substitute “ of an asset within section 1A(3)(b) or (c) ”, and
    - (b) for paragraph (b) substitute—

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“(b) on the assumption that the disposal is a direct or indirect disposal of UK land which meets the non-residence condition (whether or not that is the case), that gain would be a relevant gain (see subsections (6) and (7)).”

(3) In subsection (3)—

- (a) in the opening words, for “non-resident CGT disposal” substitute “direct or indirect disposal of UK land which meets the non-residence condition”,
- (b) in paragraph (a), for “chargeable NRCGT gain” substitute “relevant gain”,
- (c) in paragraph (b), for “chargeable NRCGT gain” substitute “relevant gain”, and
- (d) in paragraph (c), for “the chargeable NRCGT gain” substitute “the relevant gain”.

(4) In subsection (4)—

- (a) in the opening words, for “the interest in UK land” substitute “the asset within section 1A(3)(b) or (c)”, and
- (b) for paragraph (b) substitute—
  - “(b) (if that would not otherwise be the case) is to be treated as a relevant gain.”

(5) For subsection (6) substitute—

- “(6) For the purposes of this section, a disposal is a “direct or indirect disposal of UK land which meets the non-residence condition” if it is—
- (a) a disposal on which a gain accrues that falls to be dealt with by section 1A(3) because the asset disposed of is within paragraph (b) or (c) of that subsection, or
  - (b) a disposal on which a gain accrues that falls to be dealt with by section 1A(1) in accordance with section 1G(2) because the asset disposed of is within section 1A(3)(b) or (c).

(7) For the purposes of this section, a “relevant gain” means so much of any chargeable gain accruing on a disposal as falls to be dealt with as mentioned in subsection (6)(a) or (b).”

(6) In the title, for “UK residential property interests” substitute “direct or indirect interests in UK land”.

57 For section 168A substitute—

**“168A Postponing held-over gain: interests in UK land**

- (1) This section applies if—
  - (a) an interest in UK land is deemed to have been disposed of under section 168(1) by a transferee at any time, and
  - (b) the transferee makes an election under this subsection.
- (2) The held-over gain (within the meaning of section 165 or 260) that, but for this subsection, would have accrued to the transferee at that time is not to accrue at that time.



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- (3) But, on a subsequent disposal by the transferee of the whole or part of the interest in UK land, the whole or a corresponding part of the held-over gain is treated as accruing on the subsequent disposal.
- (4) This gain is in addition to any gain or loss that actually accrues on the subsequent disposal.
- (5) In this section “interest in UK land” has the meaning given by section 1C.”
- 58 In section 169N (amount of entrepreneurs' relief: general), in subsection (4B), for “Section 4” substitute “ Section 1H ”.
- 59 In section 169VK (cap on investors' relief for disposal by an individual), in subsection (3), for “Section 4” substitute “ Section 1H ”.
- 60 In section 169VL (cap on investors' relief for disposal by trustees of a settlement), in subsection (4), for “Section 4” substitute “ Section 1H ”.
- 61 (1) Section 171 (transfers within a group: general provisions) is amended as follows.
- (2) In subsection (1A), in the second sentence, for the words from “and would” to the end substitute “ chargeable to corporation tax as a result of section 2B(3) or (4). ”
- (3) After subsection (1A) insert—
- “(1B) If—
- (a) company A is deemed under section 25(3) to have previously disposed of the asset, but
- (b) no gain or loss accrued on that deemed disposal as a result of section 25ZA(2),
- that deemed disposal is to be ignored in applying subsection (1) of this section in relation to company B.”
- (4) In subsection (2), omit paragraph (ba).
- 62 In section 171A (election to reallocate gain or loss to another member of the group), for subsection (2) substitute—
- “(2) In determining for the purposes of subsection (1)(c) whether subsection (1) of section 171 would have applied, it is to be assumed that subsection (1A) (b) of that section read—
- “(b) that—
- (i) at the time of the disposal, company B is resident in the United Kingdom, or carrying on a trade in the United Kingdom through a permanent establishment there, or
- (ii) the asset is a chargeable asset in relation to company B immediately after the time of the disposal.”””
- 63 In section 171B (election under section 171A: effect), in subsection (5), for the words from “and would by virtue of” to the end substitute “ chargeable to corporation tax as a result of section 2B(3) or (4). ”
- 64 In section 175 (replacement of business assets by members of a group), in subsection (2AA), for “section 10B” substitute “ section 2B(3) ”.

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- 65 (1) Section 179 (company ceasing to be member of group: post-appointed day cases) is amended as follows.
- (2) In subsection (3B)(c), for “section 13(2)” substitute “ section 3 ”.
- (3) In subsection (10A)(a), for the words from “and would by virtue of” to “purposes” substitute “ chargeable to corporation tax as a result of section 2B(3) or (4), ”.
- 66 Omit section 187A (deemed disposal under section 185: ATED-related gains and losses).
- 67 For section 187B substitute—

**“187B Postponing gain or loss under section 185(2): interests in UK land**

- (1) This section applies if an interest in UK land is deemed to have been disposed of under section 185(2) by a company at any time.
- (2) The gain or loss that, but for this subsection, would have accrued to the company at that time is not to accrue at that time.
- (3) But, on a subsequent disposal by the company of the whole or part of the interest in UK land, the whole or a corresponding part of the gain or loss is treated as accruing on the subsequent disposal.
- (4) This gain or loss is in addition to any gain or loss that actually accrues on the subsequent disposal.
- (5) A company may elect for a disposal deemed to have been made under section 185(2) to be excluded from the operation of this section.
- (6) The election must be made within 2 years after the day on which the deemed disposal occurs.
- (7) In this section “interest in UK land” has the meaning given by section 1C.”
- 68 Omit sections 188A to 188K (and the italic heading before section 188A).
- 69 (1) Section 190 (tax recoverable from another group company or controlling director) is amended as follows.
- (2) In subsection (2), for paragraph (b) substitute—
- “(b) that the gain is chargeable to corporation tax as a result of section 2B(3) or (4).”
- (3) In subsection (3)(b), for the words from “gain forms” to “10B” substitute “ taxpayer company was not resident in the United Kingdom at the time when the gain accrued ”.
- 70 (1) Section 199 (exploration or exploitation assets: deemed disposals) is amended as follows.
- (2) In subsection (2), for “in respect of whom the residence condition (see section 2(1A)) is not met” substitute “ who is not UK resident for a tax year (as determined for the purposes of Chapter 1 of Part 1) ”.
- (3) In subsection (6), for paragraphs (a) and (b) substitute “ would be chargeable to capital gains tax or corporation tax as a result of section 1A(3)(a) or 2B(3) ”.
- 71 In section 210A (insurance companies: ring-fencing of losses), in subsection (1), for “Section 8(1)” substitute “ Section 2A(1) ”.

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- 72 In section 222A (determination of main residence: non-resident CGT disposals), in subsection (1), for paragraph (b) substitute—
- “(b) the disposal is—
- (i) a disposal on which a residential property gain (as defined by Schedule 1B) accrues which is chargeable to capital gains tax because of section 1A(3)(b), or
- (ii) a disposal on which a loss accrues but is one which, had a gain accrued, would be within sub-paragraph (i).”
- 73 (1) Section 222B (non-qualifying tax years) is amended as follows.
- (2) In subsection (2), for “a non-resident CGT disposal” substitute “ a disposal falling within section 222A(1)(b) (non-resident disposals) ”.
- (3) In subsection (10), for “Section 11(1)(a)” substitute “ Section 271ZA(2) ”.
- 74 (1) Section 223 (amount of relief) is amended as follows.
- (2) In subsection (7), in paragraph (b), for “an NRCGT gain chargeable to capital gains tax by virtue of section 14D” substitute “ a residential property gain (as defined by Schedule 1B) which is chargeable to capital gains tax because of section 1A(3)(b) ”.
- (3) In subsection (7A), for “paragraph 9 of Schedule 4ZZB applies by virtue of sub-paragraph (1)(b) of that paragraph” substitute “ paragraph 8 or 14 of Schedule 4AA applies ”.
- 75 In section 228 (conditions for relief: supplementary), in subsection (6), for the words from “, and either” to “section 10B” substitute “ chargeable to capital gains tax or corporation tax on gains ”.
- 76 (1) Section 260 (gifts on which inheritance tax is chargeable etc) is amended as follows.
- (2) In subsection (6ZA)(a), for “non-resident CGT disposal” substitute “ direct or indirect disposal of UK land which meets the non-residence condition ”.
- (3) In subsection (6ZB), for “a reference to “chargeable NRCGT gain”” substitute “ a reference to “so much of any gain accruing on the disposal as falls to be dealt with as mentioned in subsection (6ZD)(a) or (b)” ”.
- (4) In subsection (6ZC), for “ “the chargeable NRCGT gain” substitute “ “so much of the gain mentioned in subsection (6ZB)” ”.
- (5) After that subsection insert—
- “(6ZD) For the purposes of subsections (6ZA) to (6ZC) a disposal is a “direct or indirect disposal of UK land which meets the non-residence condition” if it is—
- (a) a disposal on which a gain accrues that falls to be dealt with by section 1A(3) because the asset disposed of is within paragraph (b) or (c) of that subsection, or
- (b) a disposal on which a gain accrues that falls to be dealt with by section 1A(1) in accordance with section 1G(2) because the asset disposed of is within section 1A(3)(b) or (c).”
- 77 (1) Section 261ZA (gifts of UK residential property interests to non-residents) is amended as follows.
- (2) In subsection (1)—

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- (a) in the opening words, for “of a UK residential property interest” substitute “of an asset within section 1A(3)(b) or (c)”, and
- (b) for paragraph (b) substitute—
  - “(b) on the assumption that the disposal is a direct or indirect disposal of UK land which meets the non-residence condition (whether or not that is the case), that gain would be a relevant gain (see subsections (6) and (7)).”

(3) In subsection (3)—

- (a) in the opening words, for “non-resident CGT disposal” substitute “direct or indirect disposal of UK land which meets the non-residence condition”,
- (b) in paragraph (a), for ““chargeable NRCGT gain”” substitute ““relevant gain””, and
- (c) in paragraph (b), for ““the chargeable NRCGT gain”” substitute ““the relevant gain””.

(4) In subsection (4)—

- (a) in the opening words, for “the interest in UK land” substitute “the asset within section 1A(3)(b) or (c)”, and
- (b) in paragraph (b)—
  - (i) for “a chargeable NRCGT gain” substitute “a relevant gain”, and
  - (ii) for “a non-resident CGT disposal” substitute “a direct or indirect disposal of UK land which meets the non-residence condition”.

(5) In subsection (5)(b)(i)—

- (a) for “a non-resident CGT disposal” substitute “a direct or indirect disposal of UK land which meets the non-residence condition”, and
- (b) for “the chargeable NRCGT gain” substitute “the relevant gain”.

(6) For subsection (6) substitute—

“(6) For the purposes of this section, a disposal is a “direct or indirect disposal of UK land which meets the non-residence condition” if it is—

- (a) a disposal on which a gain accrues that falls to be dealt with by section 1A(3) because the asset disposed of is within paragraph (b) or (c) of that subsection, or
- (b) a disposal on which a gain accrues that falls to be dealt with by section 1A(1) in accordance with section 1G(2) because the asset disposed of is within section 1A(3)(b) or (c).

(7) For the purposes of this section, a “relevant gain” means so much of any chargeable gain accruing on a disposal as falls to be dealt with as mentioned in subsection (6)(a) or (b).”

(7) In the title, for “UK residential property interests” substitute “direct or indirect interests in UK land”.

78 In section 261C (meaning of “the maximum amount” for purposes of section 261B), in subsection (2)(b), for “section 3(1)” substitute “section 1K(1)”.

79 In section 261E (meaning of “the maximum amount” for purposes of section 261D), in subsection (2)—

- (a) in paragraph (a), for “section 2(2)” substitute “section 1(3)”, and

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- (b) in paragraph (b), for “section 3(1)” substitute “ section 1K(1) ”.
- 80 In section 263ZA (former employees: employment-related liabilities), in subsection (5)—
- (a) in paragraph (b), for “section 2(2)” substitute “ section 1(3) ”, and
- (b) in paragraph (c), for “section 3(1)” substitute “ section 1K(1) ”.
- 81 In section 271B (branch or agency treated as UK representative), in subsection (2), for “under section 10” substitute “ as a result of section 1A(3)(a) ”.
- 82 In section 279A (deferred unascertainable consideration: election for treatment of loss), in subsection (7)(b), for “section 10A” substitute “ section 1M ”.
- 83 (1) Section 279B (provisions supplementary to section 279A) is amended as follows.
- (2) In subsection (1)(b)(ii)—
- (a) for “section 2(2)” substitute “ section 1(3) ”, and
- (b) for “section 3” substitute “ section 1K ”.
- (3) In subsection (7), for “section 10A(2)” substitute “ section 1M ”.
- (4) In subsection (8)(a) and (b), for “section 10A(2)” substitute “ section 1M ”.
- 84 (1) Section 279C (effect of election under section 279A) is amended as follows.
- (2) In subsection (3), for “section 2(2)(a)” substitute “ section 1(3)(a) ”.
- (3) In subsection (4)—
- (a) for “section 2(2)” substitute “ section 1(3) ”, and
- (b) omit “(read, where appropriate, with section 2(4)(a))”.
- (4) In subsection (5), for “section 2(2)(b)” substitute “ section 1(3)(b) ”.
- (5) In subsection (6)—
- (a) in the opening words, for “section 2(2)(b)” substitute “ section 1(3)(b) ”, and
- (b) in paragraph (c), for “section 10A” substitute “ section 1M ”.
- 85 (1) Section 279D (elections under section 279A) is amended as follows.
- (2) In subsection (6)(c), for “section 2(2)(a)” substitute “ section 1(3)(a) ”.
- (3) In subsection (7), for “section 2(2)(b)” (in both places) substitute “ section 1(3)(b) ”.
- 86 In section 287 (orders and regulations etc), in subsection (4), for “3(4)” substitute “ 1L(2) ”.
- 87 (1) Section 288 (interpretation) is amended as follows.
- (2) In subsection (1) omit—
- (a) the definition of “ATED-related”,
- (b) the definition of “non-resident CGT disposal”,
- (c) the definition of “NRCGT gain”,
- (d) the definition of “NRCGT group”,
- (e) the definition of “NRCGT loss”, and
- (f) the definition of “relevant high value disposal”.
- (3) In subsection (8), in the Table, in the entry relating to “branch or agency”, for “s 10(6)” substitute “ s 1B(5) ”.

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- 88 In Schedule 4A (disposal of interest in settled property etc), in paragraph 6(1), for “met the residence condition set out in section 2(1A)” substitute “ was UK resident for the tax year (as determined in accordance with Chapter 1 of Part 1 of this Act) ”.
- 89 (1) Schedule 4C (transfers of value: attribution of gains to beneficiaries) is amended as follows.
- (2) For “the section 2(2) amount” or “the section 2(2) amounts”, in each place, substitute “ the section 1(3) amount ” or “the section 1(3) amounts” respectively.
- (3) In paragraph 1A(3), for “meets the residence condition set out in section 2(1A)” substitute “ is UK resident for the tax year (as determined in accordance with Chapter 1 of Part 1 of this Act) ”.
- (4) In paragraph 4—
- (a) in sub-paragraph (2), for “section 2(2)” substitute “ section 1(3) ”, and
- (b) for sub-paragraph (3) substitute—
- “(3) Where (apart from this sub-paragraph) the chargeable amount mentioned in sub-paragraph (2) would include a chargeable gain or allowable loss to which section 1A(3)(b) or (c) applies (disposals by non-UK residents within the charge to capital gains tax), so much of the gain or loss as would be so included is to be disregarded for the purposes of determining the chargeable amount.”
- (5) In paragraph 6(1)(b), for “section 10A” substitute “ section 1M ”.
- (6) In paragraph 12(1)(a) and (5), and in the italic heading before paragraph 12, for “section 10A” substitute “ section 1M ”.
- (7) In paragraph 12A(1) and (5), and in the italic heading before paragraph 12, for “section 10A” substitute “ section 1M ”.
- 90 (1) Schedule 5 (attribution of gains to settlors with interest in non-resident or dual resident settlements) is amended as follows.
- (2) In paragraph 1(1), for “section 3” substitute “ section 1K ”.
- (3) In paragraph 1(2)(a), for “section 2(2)” substitute “ section 1(3) ”.
- (4) In paragraph 1(3)—
- (a) in paragraph (b), for “section 13” substitute “ section 3 ”, and
- (b) in the second sentence—
- (i) for “Subsections (12) and (13) of section 13” substitute “ Section 3B(1) to (3) ”, and
- (ii) for “that section” substitute “ section 3 ”.
- 91 In Schedule 7A (restriction on set-off of pre-entry losses), in paragraph 6(1)(c) and (d), for “section 8(1)” substitute “ section 2A(1) ”.
- 92 In Schedule 7AC (exemptions for disposals by companies with substantial shareholdings), in paragraph 3(2)(c)(ii), for the words from “would” to “purposes” substitute “ would be chargeable to corporation tax as a result of section 2B(3) or (4) ”.
- 93 In Schedule 7C (relief for transfers to Schedule 2 share plans), in paragraph 8—

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- (a) in paragraph (a), for “under section 2(1)” substitute “ as a result of section 1A(1) ”, and
- (b) in paragraph (b), for “under section 10(1)” substitute “ as a result of section 1A(3)(a) ”.

#### *IHTA 1984*

94 IHTA 1984 is amended as follows.

95 In Schedule A1 (non-excluded overseas property), in paragraph 8(3)—

- (a) in the definition of “interest in UK land”, for the words from “the meaning” to the end substitute “ the same meaning as it has for the purposes of section 1A(3)(b) of the 1992 Act (see section 1C of that Act); ”,
- (b) in the definition of “dwelling”, for the words from “the meaning” to the end substitute “ the same meaning as it has for the purposes of Schedule 1B to the 1992 Act; ”, and
- (c) in the definition of “contract for an off-plan purchase”, for the words from “has the meaning” to the end substitute “ means a contract for the acquisition of land consisting of, or including, a building, or part of a building, that is to be constructed or adapted for use as a dwelling. ”

#### *FA 2005*

96 FA 2005 is amended as follows.

97 (1) Section 32 (non-UK resident vulnerable persons: amount of relief) is amended as follows.

(2) In subsection (3), in the definitions of “TLVB” and “TLVA”, omit “for the purposes of section 3 of TCGA 1992”.

(3) After that subsection insert—

“(3A) For the purposes of this section “the vulnerable person's taxable amount for the tax year” means the amount on which that person would be chargeable to capital gains tax for the tax year if no account were taken of section 1K of TCGA 1992.”

98 (1) Schedule 1 (non-UK resident vulnerable persons: interpretation) is amended as follows.

(2) In paragraph 3—

- (a) in sub-paragraph (1)(a), for “for the purposes of section 3 of TCGA 1992” substitute “ (as defined by section 32(3A)) ”,
- (b) in sub-paragraph (1)(b), for “for the purposes of that section” substitute “ (as defined by section 32(3A)) ”,
- (c) in sub-paragraph (2)—
  - (i) in paragraph (a), for “section 2(2)(b)” substitute “ section 1(3)(b) ”, and
  - (ii) omit paragraph (b) (together with the “and” before it).

(3) In paragraph 7—

- (a) in sub-paragraph (1)(b), for “subsection (3) of that section” substitute “ section 1E(2) of that Act ”, and

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- (b) in sub-paragraph (2), for “section 10A” substitute “ section 1M ”.

*ITA 2007*

- 99 ITA 2007 is amended as follows.
- 100 In section 641 (accrued income profits and losses: trustees of a disabled person's trusts), in subsection (4), in the definition of “disabled person's trusts”, for “paragraph 1(1) of Schedule 1” substitute “ paragraph 3 of Schedule 1C ”.
- 101 In section 643 (accrued income profits and losses: non-residents), in subsection (5), for “section 10(6)” substitute “ section 1B(5) ”.
- 102 In section 809F (remittance basis: effect on what is chargeable), in subsection (4), for “section 12 of TCGA 1992” substitute “ paragraph 1 of Schedule 1 to TCGA 1992 ”.
- 103 In section 809G (claim for remittance basis: effect on allowances etc), in subsection (3), for “section 3(1A)” substitute “ section 1K(6) ”.
- 104 In section 809K (introduction to rules on remittance of income and gains), in subsection (1), for paragraph (e) substitute—  
     “(e) Schedule 1 to TCGA 1992 (UK resident individuals not domiciled in UK).”
- 105 In section 809VK (retention of funds to meet CGT liabilities), for subsection (5) substitute—  
     “(5) The highest potential CGT rate is the highest rate specified in section 1H of TCGA 1992 (regardless of the type of the chargeable gain or, if P is an individual, the rate of income tax at which P's income is chargeable).”
- 106 (1) Section 809YD (chargeable gains accruing on sales of exempt property) is amended as follows.
- (2) In subsection (1)(c)(ii), for “section 13” substitute “ section 3 ”.
- (3) In subsection (3), for “section 12 of TCGA 1992” substitute “ paragraph 1 of Schedule 1 to TCGA 1992 ”.
- (4) In subsection (5)(a)—  
     (a) for “section 10A” substitute “ section 1M ”, and  
     (b) for “the year of return” substitute “ the tax year that consists of or includes the period of return ”.
- (5) In subsection (7)—  
     (a) in the opening words, for “fell within the definition of foreign chargeable gains in section 12(4) of that Act” substitute “ accrued on the disposal of a foreign asset (within the meaning of Schedule 1 to TCGA 1992) ”, and  
     (b) for paragraphs (a) to (d) substitute—  
         “(a) section 1M,  
         (b) section 3D, and  
         (c) Schedule 1.”
- (6) In subsection (8), for “section 14A(2)” substitute “ section 3D(2) ”.



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- 107 In section 809Z7 (meaning of “foreign income and gains” etc), in subsection (5), for the words from “are the foreign” to the end substitute “ are the chargeable gains accruing to the individual in that year on the disposal of foreign assets (within the meaning of Schedule 1 to TCGA 1992) ”.

#### CTA 2009

- 108 CTA 2009 is amended as follows.
- 109 In section 2 (charge to corporation tax), omit subsection (2A).
- 110 (1) Section 5 of CTA 2009 (territorial scope of charge to corporation tax) is amended as follows.
- (2) In subsections (1), (2A) and (3), for “chargeable to corporation tax” substitute “ chargeable to corporation tax on income ”.
- (3) In subsection (2), for “within the charge to corporation tax” substitute “ within the charge to corporation tax on income ”.
- (4) After subsection (4) insert—
- “ (5) The territorial scope of the charge to corporation tax on chargeable gains is given by section 2B of TCGA 1992.”
- 111 In section 18A (exemption for profits or losses of foreign permanent establishments), after subsection (2A) insert—
- “ (2B) Profits and losses are not to be left out of account as mentioned in subsection (2) so far as, if the company were non-UK resident, they would be gains or losses accruing on disposals of assets within section 2B(4)(a) or (b) of TCGA 1992 (interests in UK land or other assets deriving at least 75% of their value from UK land).”
- 112 (1) Section 19 (chargeable profits) is amended as follows.
- (2) In subsection (1), after “applies” insert “ for the purposes of the charge to corporation tax on income ”.
- (3) In subsection (3)—
- (a) at the end of paragraph (a), insert “ and ”, and
- (b) omit paragraph (c).
- (4) After subsection (3) insert—
- “ (4) For the purposes of the charge to corporation tax on chargeable gains accruing to the company, see section 2B(3) of TCGA 1992.
- (5) That subsection provides (among other things) that the gains are chargeable to corporation tax only so far as they are attributable to the permanent establishment in accordance with sections 20 to 32 of this Act.”

#### CTA 2010

- 113 CTA 2010 is amended as follows.
- 114 In section 533 (financial statements: supplementary), after subsection (1) insert—

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“(1A) The profits and gains of the UK property rental business of a non-UK member of the group are to be treated as if they were profits and gains of a UK resident member of the group for the purposes of a financial statement under section 532(2)(a).”

115 After section 535 insert—

**“535A Gains: disposals of rights or interests in UK property rich companies**

- (1) This section applies if—
- (a) a company (“A”) which is, or is a member of, a UK REIT disposes of an asset, and
  - (b) the asset consists of a right or an interest in a company (“B”) which is UK property rich.
- (2) The appropriate proportion of a gain accruing to A on the disposal is not a chargeable gain.
- (3) The asset disposed of is regarded for the purposes of section 550 as used for the purposes of A's property rental business to an extent equal to the appropriate proportion.
- (4) In the case of a non-UK member of a group UK REIT, this section has effect as if any reference to property rental business of the member were to its UK property rental business.
- (5) In relation to a disposal of a right or interest in B—
- (a) B is “UK property rich” for the purposes of this section if the disposal would be regarded for the purposes of Schedule 1A to TCGA 1992 as a disposal of an asset deriving at least 75% of its value from UK land, and
  - (b) any reference in this section to “the appropriate proportion” is to the proportion that, at the beginning of the accounting period in which the disposal is made, the value of B's relevant PRB assets bears to the total value of B's assets.
- (6) For the purposes of subsection (5)(b)—
- (a) “the value of B's relevant PRB assets” means the value of B's assets deriving (directly or indirectly) from assets used for the purposes of UK property rental business,
  - (b) B's assets are to be valued in accordance with section 533(1)(d), and
  - (c) if the asset disposed of was acquired after the beginning of the accounting period, it is to be assumed that an accounting period began on the day on which the disposal is made.
- (7) Any reference in this section to the disposal of a right or interest in B includes the disposal of a right or interest in an offshore collective investment vehicle (a “relevant fund”)—
- (a) to which paragraph 8 of Schedule 5AAA to TCGA 1992 applies, but
  - (b) in relation to which an election under that paragraph has not been made.

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- (8) In the case of a disposal which is, as a result of subsection (7), a disposal of a right or interest in B, the value of B's relevant PRB assets for the purposes of subsection (5)(b) is taken to be—
- (a) the value of B's assets that are used for the purposes of UK property rental business, plus
  - (b) the value of B's assets deriving indirectly from assets held by a relevant fund that are used for the purposes of UK property rental business.
- (9) This section is to be read as if it were contained in TCGA 1992.
- (10) Apart from subsection (7) of section 535, nothing else in that section applies in relation to a disposal to which this section applies.
- (11) This section does not apply to a gain—
- (a) if sub-paragraph (3) of paragraph 3A of Schedule 7AC to TCGA 1992 applies in relation to the gain (no chargeable gain accruing on disposals of certain shares by qualifying institutional investors), or
  - (b) so far as sub-paragraph (4) of that paragraph applies to reduce the amount of the gain.

### **535B Section 535A: use of pre-April 2019 residual business losses or deficits**

- (1) In determining the amount of a gain accruing to a company which is not to be a chargeable gain as a result of section 535A, any pre-April 2019 residual business losses or deficits which—
- (a) have not been deducted from (or taken into account in calculating) other profits or gains (of any kind) of the company or any other person, and
  - (b) have not previously been deducted under this subsection, may be deducted from the gain.
- (2) For this purpose “pre-April 2019 residual business losses or deficits” means—
- (a) allowable losses accruing on disposals made before 6 April 2019, or
  - (b) deficits or other losses for accounting periods ending before that date,
- which would otherwise have been deducted from (or taken into account in calculating) profits or gains (of any kind) accruing to residual business of the company.
- (3) If an accounting period (a “straddling period”) begins before and ends on or after 6 April 2019—
- (a) so much of the straddling period as falls before that date, and so much of it as falls on or after that date, are to be treated as separate accounting periods, and
  - (b) if it is necessary to apportion an amount for the straddling period to the two separate accounting periods, it is to be apportioned—
    - (i) on a time basis according to the respective length of the separate accounting periods, or

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(ii) if that would produce a result that is unjust or unreasonable, on a just and reasonable basis.”

116 In section 547 (funds awaiting reinvestment), at the end insert—

“(6) This section also applies to proceeds held in cash by a company on a disposal of an asset so far as section 535A secures that the appropriate proportion of a gain or loss accruing on the disposal is not a chargeable gain or allowable loss.”

117 In section 550(3) (attribution of distributions), after “section 535” insert “ or 535A ”.

118 (1) Section 556 (disposal of assets) is amended as follows.

(2) After subsection (3) insert—

“(3A) Subsection (3B) applies in the case of a company (“C”) which is, or is a member of, a UK REIT if—

- (a) one or more properties acquired (directly or indirectly) by a relevant UK property rich company have been developed since acquisition,
- (b) the cost of the development exceeds 30% of the fair value of the property (determined in accordance with international accounting standards) at entry or at acquisition, whichever is later,
- (c) C disposes of any of its rights or interests in the relevant UK property rich company,
- (d) the disposal is made within the period of 3 years beginning with the completion of the development, and
- (e) if C is a member of a UK REIT, the disposal is not to another member of the UK REIT.

(3B) If this subsection applies, section 535A is not to apply in relation to so much of the amount of a gain accruing on the disposal as relates to the property which has been developed.

(3C) For the purposes of subsection (3A)—

- (a) a company is a “relevant UK property rich company” if, as a result of section 535A, any part of a gain accruing to C on a disposal of a right or interest in the company would not be a chargeable gain, and
- (b) a relevant UK property rich company acquires property “indirectly” if property is acquired by someone other than the relevant UK property rich company and the property is taken into account in determining the value of the assets of the relevant UK property rich company.”

(3) In subsection (7), for “Section 535 is” substitute “ Sections 535 and 535A are ”.

119 In section 582 (early exit), in subsection (3)(b), for “or 535(1)” substitute “ , 535(1) or 535A ”.

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