



Taxation of Chargeable Gains Act 1992

1992 CHAPTER 12

PART III

INDIVIDUALS, PARTNERSHIPS, TRUSTS AND COLLECTIVE INVESTMENT SCHEMES ^[F1]ETC

CHAPTER I

MISCELLANEOUS PROVISIONS

58 ^[F1]Spouses and civil partners].

^[F2](1A) If an individual (“A”) disposes of an asset to another individual (“B”) in circumstances where any of subsections (1B) to (1D) applies, A and B are to be treated as if B acquired the asset from A for a consideration of such amount as would secure that on the disposal neither a gain nor a loss would accrue to A.

(1B) This subsection applies where the disposal is made while A and B—

- (a) are married to, or are civil partners of, each other, and
- (b) are living together.

(1C) This subsection applies where the disposal is made—

- (a) while A and B are married to, or are civil partners of, each other,
- (b) at a time when A and B have ceased to live together, and
- (c) on or before the earlier of—

- (i) the last day of the third tax year after the tax year in which A and B ceased to live together, or
- (ii) the day on which a court grants an order or decree for A and B’s divorce, the annulment of their marriage, the dissolution or annulment of their civil partnership, their judicial separation or, as the case may be, their separation in accordance with a separation order.

(1D) This subsection applies where—

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- (a) A and B have ceased to be, or are in the process of ceasing to be, married to, or civil partners of, each other, and
- (b) the disposal of the asset is in accordance with an agreement or order within subsection (2)(a) or (b) of section 225B (disposals in connection with divorce etc), but as if, in subsection (2)(a), after “partner” there were inserted “, or former spouse or civil partner,”.]

(2) This section shall not apply—

- (a) if until the disposal the asset formed part of trading stock of a trade carried on by the one making the disposal, or if the asset is acquired as trading stock for the purposes of a trade carried on by the one acquiring the asset,^{F3} ... [^{F4}or]
- (b) if the disposal is by way of donatio mortis causa,^{F5} ...
- ^{F5}(c)

but this section shall have effect notwithstanding the provisions of section 18 or 161, or of any other provisions of this Act fixing the amount of the consideration deemed to be given on a disposal or acquisition.

- ^{F6}(3)
- ^{F6}(4)
- ^{F6}(5)

Textual Amendments

- F1** Words in s. 58 heading substituted (5.12.2005) by [The Tax and Civil Partnership Regulations 2005 \(S.I. 2005/3229\)](#), regs. 1(1), **107(3)**
- F2** S. 58(1A)-(1D) substituted for s. 58(1) (6.4.2023 in relation to disposals made on or after that date) by [Finance \(No. 2\) Act 2023 \(c. 30\)](#), s. **41(2)(6)**
- F3** Word in s. 58(2)(a) omitted (1.9.2013) by virtue of [Finance Act 2013 \(c. 29\)](#), **Sch. 23 paras. 18(a)**, 38; [S.I. 2013/1755](#), art. 2
- F4** Word in s. 58(2)(a) inserted (with effect in accordance with s. 13(6)-(8) of the amending Act) by [Finance Act 2017 \(c. 10\)](#), s. **13(2)(a)(i)**
- F5** S. 58(2)(c) and preceding word omitted (with effect in accordance with s. 13(6)-(8) of the amending Act) by virtue of [Finance Act 2017 \(c. 10\)](#), s. **13(2)(a)(ii)**
- F6** S. 58(3)-(5) omitted (with effect in accordance with s. 13(6)-(8) of the amending Act) by virtue of [Finance Act 2017 \(c. 10\)](#), s. **13(2)(b)**

59 Partnerships.

[^{F7}(1)] Where 2 or more persons carry on a trade or business in partnership—

- (a) tax in respect of chargeable gains accruing to them on the disposal of any partnership assets shall, in Scotland as well as elsewhere in the United Kingdom, be assessed and charged on them separately, and
- (b) any partnership dealings shall be treated as dealings by the partners and not by the firm as such,^{F8} ...
- ^{F8}(c)

[^{F9}(2)] Subsection (3) applies if—

- (a) a person resident in the United Kingdom (“the resident partner”) is a member of a partnership which resides outside the United Kingdom or which carries

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- on any trade, profession or business the control and management of which is situated outside the United Kingdom, and
- (b) by virtue of any arrangements ^{F10}that have effect under section 2(1) of TIOPA 2010] (“the arrangements”) any of the ^{F11}chargeable gains of the partnership] are relieved from capital gains tax ^{F12}or corporation tax] in the United Kingdom.
- (3) The arrangements ^{F13}(so far as providing for that relief)] do not affect any liability to capital gains tax ^{F14}or corporation tax] in respect of the resident partner's share of any ^{F15}chargeable gains of the partnership].]
- ^{F16}(4) For the purposes of subsections (2) and (3) the members of a partnership include any person entitled to a share of ^{F17}chargeable gains of the partnership].]

Textual Amendments

- F7** S. 59(1) renumbered (with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 431\(2\)](#) (with [Sch. 2](#))
- F8** S. 59(c) and preceding word repealed (with effect in accordance with Sch. 29 Pt. VIII(16) of the amending Act) by [Finance Act 1995 \(c. 4\), Sch. 29 Pt. VIII\(16\)](#)
- F9** S. 59(2)(3) inserted (with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 431\(3\)](#) (with [Sch. 2](#))
- F10** Words in s. 59(2)(b) substituted (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), s. 381\(1\), Sch. 8 para. 43](#) (with [Sch. 9 paras. 1-9, 22](#))
- F11** Words in s. 59(2)(b) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\), Sch. 1 para. 28](#)
- F12** Words in s. 59(2)(b) inserted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 1 para. 365\(2\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F13** Words in s. 59(3) inserted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 1 para. 365\(3\)\(a\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F14** Words in s. 59(3) inserted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 1 para. 365\(3\)\(b\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F15** Words in s. 59(3) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\), Sch. 1 para. 28](#)
- F16** S. 59(4) inserted (retrospective to 6.4.2005) by [Finance Act 2008 \(c. 9\), s. 58\(2\)\(4\)](#)
- F17** Words in s. 59(4) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\), Sch. 1 para. 28](#)

^{F18}59A Limited liability partnerships.

- (1) Where a limited liability partnership carries on a trade or business with a view to profit—
- (a) assets held by the limited liability partnership are treated for the purposes of tax in respect of chargeable gains as held by its members as partners, and
- (b) any dealings by the limited liability partnership are treated for those purposes as dealings by its members in partnership (and not by the limited liability partnership as such);
- and tax in respect of chargeable gains accruing to the members of the limited liability partnership on the disposal of any of its assets shall be assessed and charged on them separately.

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- (2) For all purposes, except as otherwise provided, in the enactments relating to tax in respect of chargeable gains—
- (a) references to a partnership include a limited liability partnership in relation to which subsection (1) above applies,
 - (b) references to members of a partnership include members of such a limited liability partnership,
 - (c) references to a company do not include such a limited liability partnership, and
 - (d) references to members of a company do not include members of such a limited liability partnership.
- (3) Subsection (1) above continues to apply in relation to a limited liability partnership which no longer carries on any trade or business with a view to profit—
- (a) if the cessation is only temporary, or
 - (b) during a period of winding up following a permanent cessation, provided—
 - (i) the winding up is not for reasons connected in whole or in part with the avoidance of tax, and
 - (ii) the period of winding up is not unreasonably prolonged, but subject to subsection (4) below.
- (4) Subsection (1) above ceases to apply in relation to a limited liability partnership—
- (a) on the appointment of a liquidator or (if earlier) the making of a winding-up order by the court, or
 - (b) on the occurrence of any event under the law of a country or territory outside the United Kingdom corresponding to an event specified in paragraph (a) above.
- (5) Where subsection (1) above ceases to apply in relation to a limited liability partnership with the effect that tax is assessed and charged—
- (a) on the limited liability partnership (as a company) in respect of chargeable gains accruing on the disposal of any of its assets, and
 - (b) on the members in respect of chargeable gains accruing on the disposal of any of their capital interests in the limited liability partnership,
- it shall be assessed and charged on the limited liability partnership as if subsection (1) above had never applied in relation to it.
- (6) Neither the commencement of the application of subsection (1) above nor the cessation of its application in relation to a limited liability partnership shall be taken as giving rise to the disposal of any assets by it or any of its members.]

Textual Amendments

F18 S. 59A inserted (6.4.2001) by [Limited Liability Partnerships Act 2000 \(c. 12\)](#), ss. 10(3), 19(1); [S.I. 2000/3316](#), art. 2; s. 59A substituted (retrospectively) (6.4.2001) by [Finance Act 2001 \(c. 9\)](#), s. [75\(2\)\(6\)](#) (with [Sch. 3](#))

[^{F19}59B Alternative investment fund managers (1)

- (1) Subsection (2) applies if—
- (a) under section 863I of ITTOIA 2005, a partner (“P”) in a partnership allocates to the partnership an amount of profit (“the allocated profit”) representing

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- variable remuneration which, if it vests in P, will vest in the form of instruments,
- (b) there is a disposal to P of instruments which are partnership assets of the partnership for the purposes of section 59, and
 - (c) by virtue of that disposal the variable remuneration vests in P.
- (2) Both the persons making the disposal and P are to be treated as if the instruments were acquired by P from those persons for a consideration of an amount equal to the allocated profit net of the income tax for which the partnership is liable by virtue of section 863I of ITTOIA 2005 in respect of the allocated profit.
- (3) Terms used in this section which are also used in section 863I or 863J of ITTOIA 2005 have the same meaning as in that section.

Textual Amendments

F19 Ss. 59B, 59C inserted (with effect in accordance with Sch. 17 para. 21 of the amending Act) by Finance Act 2014 (c. 26), [Sch. 17 para. 17](#)

59C Alternative investment managers (2)

- (1) Subsection (2) applies if—
- (a) under section 863I of ITTOIA 2005, a partner (“P”) in a partnership allocates to the partnership an amount of profit (“the allocated profit”) representing variable remuneration which, if it vests in P, will vest in the form of instruments,
 - (b) there is a disposal to P of instruments by a company which is a partner in the partnership,
 - (c) by virtue of that disposal the variable remuneration vests in P, and
 - (d) the company would, as a partner in the partnership, have been charged to tax on the allocated profit but for adjustments made in the case of the company under section 1264A(2) of CTA 2009 or section 850C(5) of ITTOIA 2005.
- (2) Both the company and P are to be treated as if the instruments were acquired by P from the company for a consideration of an amount equal to the allocated profit net of the income tax for which the partnership is liable by virtue of section 863I of ITTOIA 2005 in respect of the allocated profit.
- (3) Terms used in this section which are also used in section 863I or 863J of ITTOIA 2005 have the same meaning as in that section.]

Textual Amendments

F19 Ss. 59B, 59C inserted (with effect in accordance with Sch. 17 para. 21 of the amending Act) by Finance Act 2014 (c. 26), [Sch. 17 para. 17](#)

60 Nominees and bare trustees.

- (1) In relation to [^{F20}property] held by a person as nominee for another person, or as trustee for another person absolutely entitled as against the trustee, or for any person who would be so entitled but for being an infant or other person under disability (or for

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2 or more persons who are or would be jointly so entitled), this Act shall apply as if the property were vested in, and the acts of the nominee or trustee in relation to the [^{F20}property] were the acts of, the person or persons for whom he is the nominee or trustee (acquisitions from or disposals to him by that person or persons being disregarded accordingly).

- (2) It is hereby declared that references in this Act to any [^{F21}property] held by a person as trustee for another person absolutely entitled as against the trustee are references to a case where that other person has the exclusive right, subject only to satisfying any outstanding charge, lien or other right of the trustees to resort to the [^{F21}property] for payment of duty, taxes, costs or other outgoings, to direct how that [^{F21}property] shall be dealt with.

Textual Amendments

- F20** Word in s. 60(1) substituted (with effect in accordance with Sch. 12 para. 10(3) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 12 para. 10\(1\)](#)
- F21** Word in s. 60(2) substituted (with effect in accordance with Sch. 12 para. 10(3) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 12 para. 10\(2\)](#)

Modifications etc. (not altering text)

- C1** S. 60 applied (with application in accordance with s. 58(4) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [s. 59\(8\)](#)
- C2** S. 60(1) applied (27.7.1993) by [1993 c. 37](#), [s. 12](#), [Sch. 2 Pt. I para. 21\(2\)\(d\)](#)

61 Funds in court.

- (1) For the purposes of section 60, funds in court held by the Accountant General shall be regarded as held by him as nominee for the persons entitled to or interested in the funds, or as the case may be for their trustees.
- (2) Where funds in court standing to an account are invested or, after investment, are realised, the method by which the Accountant General effects the investment or the realisation of investments shall not affect the question whether there is for the purposes of this Act an acquisition, or as the case may be a disposal, of an asset representing funds in court standing to the account, and in particular there shall for those purposes be an acquisition or disposal of shares in a court investment fund notwithstanding that the investment in such shares of funds in court standing to an account, or the realisation of funds which have been so invested, is effected by setting off, in the Accountant General's accounts, investment in one account against realisation of investments in another.
- (3) In this section “funds in court” means—
- (a) money in the [^{F22}Senior Courts], money in [^{F23}the county court][^{F24}, money in the family court] and statutory deposits described in section 40 of the ^{M1}Administration of Justice Act 1982, and
 - (b) money in the [^{F25}Court of Judicature] and money in a county court in Northern Ireland,

and investments representing such money; and references in this section to the Accountant General are references to the Accountant General of the [^{F26}Senior Courts] and, in relation to money within paragraph (b) above and investments representing

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such money, include references to the Accountant General of the [F25Court of Judicature] or any other person by whom such funds are held.

Textual Amendments

- F22** Words in s. 61(3)(a) substituted (1.10.2009) by [Constitutional Reform Act 2005 \(c. 4\), s. 148\(1\), Sch. 11 para. 30\(2\)\(a\)](#); S.I. 2009/1604, art. 2(d)
- F23** Words in s. 61(3)(a) substituted (22.4.2014) by [Crime and Courts Act 2013 \(c. 22\), s. 61\(3\), Sch. 9 para. 131](#); S.I. 2014/954, art. 2(c) (with art. 3) (with transitional provisions and savings in S.I. 2014/956, arts. 3-11)
- F24** Words in s. 61(3)(a) inserted (22.4.2014) by [The Crime and Courts Act 2013 \(Family Court: Consequential Provision\) Order 2014 \(S.I. 2014/605\), arts. 1, 20](#)
- F25** Words in s. 61(3) substituted (1.10.2009) by [Constitutional Reform Act 2005 \(c. 4\), s. 148\(1\), Sch. 11 para. 30\(2\)\(c\)](#); S.I. 2009/1604, art. 2(d)
- F26** Words in s. 61(3) substituted (1.10.2009) by [Constitutional Reform Act 2005 \(c. 4\), s. 148\(1\), Sch. 11 para. 30\(2\)\(b\)](#); S.I. 2009/1604, art. 2(d)

Marginal Citations

- M1** 1982 c. 53.

62 Death: general provisions.

(1) For the purposes of this Act the assets of which a deceased person was competent to dispose—

- (a) shall be deemed to be acquired on his death by the personal representatives or other person on whom they devolve for a consideration equal to their market value at the date of the death, but
- (b) shall not be deemed to be disposed of by him on his death (whether or not they were the subject of a testamentary disposition).

(2) Allowable losses sustained by an individual in the year of assessment in which he dies may, so far as they cannot be deducted from chargeable gains accruing in that year, be deducted from chargeable gains accruing to the deceased in the 3 years of assessment preceding the year of assessment in which the death occurs, taking chargeable gains accruing in a later year before those accruing in an earlier year.

[F27(2A) Amounts deductible from chargeable gains for any year in accordance with subsection (2) above shall not be so deductible from any such gains so far as they [F28are—

- (a) gains that are treated as accruing by virtue of section 87[F29, 87K, 87L] or 89(2) (read, where appropriate, with [F30section 1M]), or

[F31(b) relevant non-resident gains (see subsection (1)).]]

[Where [F33relevant non-resident losses (see subsection (1))] are sustained by an [F32(2AA) individual in the year of assessment in which the individual dies, the losses may, so far as they cannot be deducted from chargeable gains accruing to the individual in that year, be deducted from any gains such as are mentioned in subsection (2A)(b) that accrued to the deceased in the 3 years of assessment preceding the year of assessment in which the death occurs, taking chargeable gains accruing in a later year before those accruing in an earlier year.]

[F34(2B)]

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- (3) In relation to property forming part of the estate of a deceased person the personal representatives shall for the purposes of this Act be treated as being a single and continuing body of persons (distinct from the persons who may from time to time be the personal representatives), and that body shall be treated as having the deceased's residence ^{F35}... and domicile at the date of death.
- (4) On a person acquiring any asset as legatee (as defined in section 64)—
- (a) no chargeable gain shall accrue to the personal representatives, and
 - (b) the legatee shall be treated as if the personal representatives' acquisition of the asset had been his acquisition of it.
- ^{F36}(4A) The Treasury may by regulations make provision having effect in place of subsection (4)(b) above in a case where there has been a time when the personal representatives—
- (a) held the asset acquired by the legatee, and
 - (b) would, if they had disposed of the asset at that time—
 - (i) by way of a bargain at arm's length, and
 - (ii) otherwise than to a legatee,
 have been entitled as a result of regulations under section 151 (investments under plans) to relief from capital gains tax in respect of any chargeable gain accruing on the disposal.
- (4B) Provision made by regulations under subsection (4A) above may (in particular) treat a person who acquires an asset as legatee as doing so at a time or for a consideration, or at a time and for a consideration, ascertained as specified by the regulations.]
- (5) Notwithstanding section 17(1) no chargeable gain shall accrue to any person on his making a disposal by way of donatio mortis causa.
- (6) Subject to subsections (7) and (8) below, where within the period of 2 years after a person's death any of the dispositions (whether effected by will, under the law relating to intestacy or otherwise) of the property of which he was competent to dispose are varied, or the benefit conferred by any of those dispositions is disclaimed, by an instrument in writing made by the persons or any of the persons who benefit or would benefit under the dispositions—
- (a) the variation or disclaimer shall not constitute a disposal for the purposes of this Act, and
 - (b) this section shall apply as if the variation had been effected by the deceased or, as the case may be, the disclaimed benefit had never been conferred.
- (7) Subsection (6) above does not apply to a variation ^{F37}unless the instrument contains a statement by the persons making the instrument to the effect that they intend the subsection to apply to the variation.]
- (8) Subsection (6) above does not apply to a variation or disclaimer made for any consideration in money or money's worth other than consideration consisting of the making of a variation or disclaimer in respect of another of the dispositions.
- (9) Subsection (6) above applies whether or not the administration of the estate is complete or the property has been distributed in accordance with the original dispositions.
- (10) In this section references to assets of which a deceased person was competent to dispose are references to assets of the deceased which (otherwise than in right of a power of appointment or of the testamentary power conferred by statute to dispose of

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entailed interests) he could, if of full age and capacity, have disposed of by his will, assuming that all the assets were situated in England and, if he was not domiciled in the United Kingdom, that he was domiciled in England, and include references to his severable share in any assets to which, immediately before his death, he was beneficially entitled as a joint tenant.

[^{F38}(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.]

Textual Amendments

- F27** S. 62(2A)(2B) inserted (with effect in accordance with s. 121(4) of the amending Act) by [Finance Act 1998 \(c. 36\)](#), [Sch. 21 para. 5](#)
- F28** Words in s. 62(2A) substituted (with effect in accordance with Sch. 7 para. 60 of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 7 para. 17\(2\)](#)
- F29** Words in s. 62(2A)(a) inserted (15.3.2018) by [Finance Act 2018 \(c. 3\)](#), [Sch. 10 para. 1\(2\)](#)
- F30** Words in s. 62(2A)(a) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 29\(2\)\(a\)](#)
- F31** S. 62(2A)(b) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 29\(2\)\(b\)](#) (with [Sch. 1 para. 29\(5\)\(6\)](#))
- F32** S. 62(2AA) inserted (with effect in accordance with Sch. 7 para. 60 of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 7 para. 17\(3\)](#)
- F33** Words in s. 62(2AA) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 29\(3\)](#)
- F34** S. 62(2B) omitted (with effect in accordance with Sch. 2 para. 56(3) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 29\(3\)](#)
- F35** Words in s. 62(3) omitted (with effect in accordance with Sch. 46 para. 112 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 79](#)
- F36** S. 62(4A)(4B) inserted (15.9.2016) by [Finance Act 2016 \(c. 24\)](#), [s. 27\(3\)](#)
- F37** Words in s. 62(7) substituted (with application in accordance with s. 52(2) of the amending Act) by [Finance Act 2002 \(c. 23\)](#), [s. 52\(1\)](#)
- F38** S. 62(11) inserted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 29\(4\)](#)

Modifications etc. (not altering text)

- C3** S. 62 applied (with effect in accordance with art. 1(2)(3), Sch. 1 of the amending S.I.) by [The Offshore Funds \(Tax\) Regulations 2009 \(S.I. 2009/3001\)](#), [regs. 1\(1\)](#), [34](#)
- C4** S. 62 applied by [The Authorised Investment Funds \(Tax\) Regulations 2006 \(S.I. 2006/964\)](#), [reg. 85W\(2\)](#) (as inserted (with effect in accordance with [reg. 1\(2\)](#) of the amending S.I.) by [S.I. 2010/294](#), [regs. 1\(1\)](#), [21](#))

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63 **Death: application of law in Scotland.**

- (1) The provisions of this Act, so far as relating to the consequences of the death of ^{F39} ... a proper liferenter of any property, shall have effect subject to the provisions of this section.
- (2) ^{F40} ... on the death of any such ^{F41} ... liferenter ^{F42} ... the person (if any) who, on the death of the liferenter, becomes entitled to possession of the property as fiar shall be deemed to have acquired all the assets forming part of the property at the date of the deceased's death for a consideration equal to their market value at that date.

Textual Amendments

- F39** Words in s. 63(1) repealed (with effect in accordance with Sch. 12 para. 11(3) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 12 para. 11\(1\)\(a\)](#), [Sch. 26 Pt. 3\(15\)](#)
- F40** Words in s. 63(2) repealed (with effect in accordance with Sch. 12 para. 11(3) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 12 para. 11\(1\)\(b\)\(i\)](#), [Sch. 26 Pt. 3\(15\)](#)
- F41** Words in s. 63(2) repealed (with effect in accordance with Sch. 12 para. 11(3) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 12 para. 11\(1\)\(b\)\(ii\)](#), [Sch. 26 Pt. 3\(15\)](#)
- F42** Words in s. 63(2) repealed (with effect in accordance with Sch. 12 para. 11(3) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 12 para. 11\(1\)\(b\)\(iii\)](#), [Sch. 26 Pt. 3\(15\)](#)

[^{F43}63A **Death: application of law in Northern Ireland**

- (1) The provisions of this Act, so far as relating to the consequences of the death of a person to whom property in Northern Ireland stands limited for life (“the deceased”), shall have effect subject to the provisions of this section.
- (2) A person who acquires property in fee simple absolute or fee tail in possession as a consequence of the deceased's death shall be deemed to have acquired all the assets forming part of the property at the date of the deceased's death for a consideration equal to their market value at that date.]

Textual Amendments

- F43** S. 63A inserted (with effect in accordance with Sch. 12 para. 11(3) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 12 para. 11\(2\)](#)

64 **Expenses in administration of estates and trusts.**

- (1) In the case of a gain accruing to a person on the disposal of, or of a right or interest in or over, [^{F44}an asset held by another person as trustee, or as a personal representative of a deceased person, to which he became absolutely entitled as legatee or as against the trustee]—
 - (a) any expenditure within section 38(2) incurred by him in relation to the transfer of the asset to him by the [^{F45}personal representative or trustee], and
 - (b) any such expenditure incurred in relation to the transfer of the asset by the [^{F46}personal representative or trustee],
 shall be allowable as a deduction in the computation of the gain accruing to that person on the disposal.

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- (2) In this Act, unless the context otherwise requires, “legatee” includes any person taking under a testamentary disposition or on an intestacy or partial intestacy, whether he takes beneficially or as trustee, and a person taking under a donatio mortis causa shall be treated (except for the purposes of section 62) as a legatee and his acquisition as made at the time of the donor’s death.
- (3) For the purposes of the definition of “legatee” above, and of any reference in this Act to a person acquiring an asset “as legatee”, property taken under a testamentary disposition or on an intestacy or partial intestacy includes any asset appropriated by the personal representatives in or towards satisfaction of a pecuniary legacy or any other interest or share in the property devolving under the disposition or intestacy.

Textual Amendments

- F44** Words in s. 64(1) substituted (with effect in accordance with Sch. 12 para. 12(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 12 para. 12\(1\)\(a\)](#)
- F45** Words in s. 64(1)(a) substituted (with effect in accordance with Sch. 12 para. 12(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 12 para. 12\(1\)\(b\)](#)
- F46** Words in s. 64(1)(b) substituted (with effect in accordance with Sch. 12 para. 12(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 12 para. 12\(1\)\(b\)](#)

65 Liability for tax of trustees or personal representatives.

- [^{F47}(1) Subject to subsection (3) below, capital gains tax chargeable in respect of chargeable gains accruing to the trustees of a settlement or capital gains tax due from the personal representatives of a deceased person may be assessed and charged on and in the name of any one or more of the relevant trustees or the relevant personal representatives.]
- (2) Subject to section 60 and any other express provision to the contrary, chargeable gains accruing to the trustees of a settlement or to the personal representatives of a deceased person, and capital gains tax chargeable on or in the name of such trustees or personal representatives, shall not be regarded for the purposes of this Act as accruing to, or chargeable on, any other person, nor shall any trustee or personal representative be regarded for the purposes of this Act as an individual.
- [^{F48}(3) Where section 80 applies as regards the trustees of a settlement (“the migrating trustees”), nothing in subsection (1) above shall enable any person—
- (a) who ceased to be a trustee of the settlement before the end of the relevant period, and
 - (b) who shows that, when he ceased to be a trustee of the settlement, there was no proposal that the trustees might [^{F49}cease to be resident] in the United Kingdom,
- to be assessed and charged to any capital gains tax which is payable by the migrating trustees by virtue of section 80(2).
- (4) In this section—
- “the relevant period” has the same meaning as in section 82;
 - “the relevant trustees”, in relation to any chargeable gains, means the trustees in the year of assessment in which the chargeable gains accrue and any subsequent trustees of the settlement, and “the relevant personal representatives” has a corresponding meaning.]

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Textual Amendments

- F47** S. 65(1) substituted (with effect in accordance with s. 103(7) of the amending Act) by [Finance Act 1995 \(c. 4\), s. 114\(1\)](#)
- F48** S. 65(3)(4) inserted (with effect in accordance with s. 103(7) of the amending Act) by [Finance Act 1995 \(c. 4\), s. 114\(2\)](#)
- F49** Words in s. 65(3)(b) substituted (with effect in accordance with Sch. 46 para. 112 of the amending Act) by [Finance Act 2013 \(c. 29\), Sch. 46 para. 80](#)

66 Insolvents' assets.

- (1) In relation to assets held by a person as trustee or assignee in bankruptcy or under a deed of arrangement this Act shall apply as if the assets were vested in, and the acts of the trustee or assignee in relation to the assets were the acts of, the bankrupt or debtor (acquisitions from or disposals to him by the bankrupt or debtor being disregarded accordingly), and tax in respect of any chargeable gains which accrue to any such trustee or assignee shall be assessable on and recoverable from him.
- (2) Assets held by a trustee or assignee in bankruptcy or under a deed of arrangement at the death of the bankrupt or debtor shall for the purposes of this Act be regarded as held by a personal representative of the deceased and—
 - (a) subsection (1) above shall not apply after the death, and
 - (b) section 62(1) shall apply as if any assets held by a trustee or assignee in bankruptcy or under a deed of arrangement at the death of the bankrupt or debtor were assets of which the deceased was competent to dispose and which then devolved on the trustee or assignee as if he were a personal representative.
- (3) Assets vesting in a trustee in bankruptcy after the death of the bankrupt or debtor shall for the purposes of this Act be regarded as held by a personal representative of the deceased, and subsection (1) above shall not apply.
- (4) The definition of “settled property” in section 68 shall not include any property as being property held by a trustee or assignee in bankruptcy or under a deed of arrangement.
- (5) In this section—

“deed of arrangement” means a deed of arrangement to which [^{F50}an enactment forming part of the law of Scotland or Northern Ireland which corresponds to the Deeds of Arrangement Act 1914 applies], and

“trustee in bankruptcy” includes a [^{F51}trustee in a sequestration under] the Bankruptcy (Scotland) Act [^{F52}2016].

Textual Amendments

- F50** Words in s. 66(5) substituted (1.10.2015) by [Deregulation Act 2015 \(c. 20\), s. 115\(7\), Sch. 6 para. 2\(12\)](#) (with [Sch. 6 para. 3](#)); [S.I. 2015/1732, art. 2\(e\)\(i\)](#)
- F51** Words in s. 66(5) substituted (30.11.2016) by [The Bankruptcy \(Scotland\) Act 2016 \(Consequential Provisions and Modifications\) Order 2016 \(S.I. 2016/1034\), art. 1, Sch. 1 para. 10\(a\)](#)
- F52** Word in s. 66(5) substituted (30.11.2016) by [The Bankruptcy \(Scotland\) Act 2016 \(Consequential Provisions and Modifications\) Order 2016 \(S.I. 2016/1034\), art. 1, Sch. 1 para. 10\(b\)](#)

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67 Provisions applicable where section 79 of the Finance Act 1980 has applied.

- (1) In this section “a claim” means a claim under section 79 of the Finance Act 1980 (“section 79”) and “relief” means relief under that section (which provided general relief for gifts).
- (2) Where a disposal in respect of which a claim is or has been made is or proves to be a chargeable transfer for inheritance tax purposes, there shall be allowed as a deduction in computing (for capital gains tax purposes) the chargeable gain accruing to the transferee on the disposal of the asset in question an amount equal to whichever is the lesser of—
 - (a) the inheritance tax attributable to the value of the asset; and
 - (b) the amount of the chargeable gain as computed apart from this subsection;and in the case of a disposal which, being a potentially exempt transfer, proves to be a chargeable transfer, all necessary adjustments shall be made, whether by the discharge or repayment of capital gains tax or otherwise.
- (3) Where an amount of inheritance tax—
 - (a) falls to be redetermined in consequence of the transferor’s death within 7 years of making the chargeable transfer in question; or
 - (b) is otherwise varied,after it has been taken into account under subsection (2) above (or under section 79(5)), all necessary adjustments shall be made, whether by the making of an assessment to capital gains tax or by the discharge or repayment of such tax.
- (4) Where—
 - (a) a claim for relief has been made in respect of the disposal of an asset to a trustee, and
 - (b) the trustee is deemed to have disposed of the asset, or part of it, by virtue of section 71(1) or 72(1)(a),sections 72(1)(b) and 73(1)(a) shall not apply to the disposal of the asset, or part by the trustee, but any chargeable gain accruing to the trustee on the disposal shall be restricted to the amount of the held-over gain (or a corresponding part of it) on the disposal of the asset to him.
- (5) Subsection (4) above shall not have effect in a case within section 73(2) but in such a case the reduction provided for by section 73(2) shall be diminished by an amount equal to the proportion there mentioned of the held-over gain.
- (6) Section 168 shall apply where relief has been given—
 - (a) with the substitution for subsection (1) of the following—
 - “(1) If—
 - (a) relief has been given under section 79 of the Finance Act 1980 in respect of a disposal made after 5th April 1981 to an individual (“the relevant disposal”); and
 - (b) at a time when he has not disposed of the asset in question, the transferee [^{F53}ceases to be resident] in the United Kingdom,then, subject to the following provisions of this section, a chargeable gain shall be deemed to have accrued to the transferee immediately before that time, and its amount shall be equal to the held-over gain (within the meaning of section 67) on the relevant disposal.”; and

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- (b) with the substitution in subsections (2), (6) and (10) for the references to section 165(4)(b) of references to section 79(1)(b).
- (7) In this section “held-over gain”, in relation to a disposal, means the chargeable gain which would have accrued on that disposal apart from section 79, reduced where applicable in accordance with subsection (3) of that section, and references to inheritance tax include references to capital transfer tax.

Textual Amendments

F53 Words in s. 67(6)(a) substituted (with effect in accordance with Sch. 46 para. 112 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 81](#)

Changes to legislation:

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Act applied by [1997 c. 16 Sch. 12 para. 12\(7\)](#)[1314](#)
- Act applied by [2002 c. 23 Sch. 16 para. 48\(1\)\(2\)](#)
- Act construed as one with reg. 37 by [S.I. 2006/575 reg. 37\(2\)](#)
- Act construed as one with reg. 38 by [S.I. 2006/575 reg. 38\(3\)](#)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 4(10)(11) inserted by [2016 c. 11 s. 15\(4\)](#)
- s. 4(10) words inserted by [2016 c. 24 s. 83\(11\)](#)
- s. 35(3)(d)(xviii) added by [2008 c. 17 Sch. 7 para. 9](#)
- s. 35(3)(d)(xviii) inserted by [2008 c. 18 Sch. 13 para. 46](#)
- s. 35(3)(d)(xviii) repealed by [S.I. 2008/3002 Sch. 1 para. 42](#)[Sch. 3](#) (This amendment comes into force on the day 2008 c. 4, s. 5 comes into force, see art. 1(2). That provision was brought into force on 1.12.2008 by [S.I. 2008/3068](#), art. 2(1)(b))
- s. 104(4)(b)(i) words substituted by [S.I. 1989/469](#), reg. 27(2) (as amended) by [S.I. 1997/1716 reg. 13\(1\)\(b\)](#)
- s. 107(11) words substituted by [S.I. 1989/469](#), reg. 27(2A) (as amended) by [S.I. 1997/1716 reg. 13\(2\)\(b\)](#)
- s. 169S(4A) inserted by [2015 c. 11 s. 43\(2\)](#)
- s. 587B inserted by [2000 c. 17 s. 43\(1\)](#)
- Sch. 5C para. 3(1) modified by [S.I. 2004/2199 reg. 7\(1\)](#)
- Sch. 5C para. 3(6) modified by [S.I. 2004/2199 reg. 7\(2\)](#)
- Sch. 5C para. 5(1) modified by [S.I. 2004/2199 reg. 7\(3\)](#)
- Sch. 5C para. 3 words inserted by [S.I. 2005/3229 reg. 128](#)
- Sch. 5C para. 5 words inserted by [S.I. 2005/3229 reg. 128](#)
- Sch. 5C para. 6 words inserted by [S.I. 2005/3229 reg. 128](#)
- Sch. 5C para. 3(1)(f) words substituted by [2007 c. 3 Sch. 1 para. 347](#)