

Disposals to State, public bodies and charities. CGTA75 s39; CGT(A)A78 s10 611.—(1) (a) Where a disposal of an asset is made otherwise than under a bargain at arm's length—

(i) to the State,

(ii) to a charity, or

(iii) to any of the bodies within section 28(3) of the Finance Act, 1931 ,

section 547 shall not apply but, if the disposal is for no consideration or for a consideration not exceeding the sums which would be allowable as a deduction under sections 552 and 828 (4) for the purposes of computing a chargeable gain, then—

(I) the disposal and acquisition shall be treated for the purposes of the Capital Gains Tax Acts as being made for such consideration as to secure that neither a gain nor a loss accrues on the disposal, and

(II) where the disposal is to a person within subparagraph (ii) or (iii) and the asset is later disposed of by that person in such circumstances that if a gain accrued on the later disposal it would be a chargeable gain, the capital gains tax which would have been chargeable in respect of the gain accruing on the earlier disposal if section 547 had applied in relation to it shall be assessed and charged on the person making the later disposal in addition to any capital gains tax chargeable in respect of the gain accruing to that person on the later disposal.

(b) Where relief was given under this subsection in respect of a disposal to a person of an asset, being a disposal made before the 20th day of December, 1978, and there is a later disposal of the asset by the person on or after that date, paragraph (a)(II) shall apply as if the first-mentioned disposal were the earlier disposal referred to in that paragraph.

(c) An assessment to give effect to paragraph (a)(II) shall not be out of time if made within 10 years after the end of the year of assessment in which the asset concerned is disposed of by the person making the later disposal.

(d) For the purposes of paragraph (a)(II), the amount of the capital gains tax which would have been chargeable in respect of the gain accruing on the earlier disposal shall be the amount of tax which would not have been chargeable but for that gain.

(2) Where under section 576 (1) or 577 (3) any assets or parts of any assets forming part of settled property are deemed to be disposed of and reacquired by the trustee, and—

(a) where the assets deemed to be disposed of under section 576 (1) are reacquired on behalf of the State, a charity or a body within section 28(3) of the Finance Act, 1931 , or

(b) the assets which or parts of which are deemed to be disposed of and reacquired under section 577 (3)

are held for the purposes of the State, a charity or a body within section 28(3) of the Finance Act, 1931 ,

then, if no consideration is received by any person for or in connection with any transaction by virtue of which the State, the charity or other body becomes so entitled or the assets are so held, the disposal and acquisition of the assets to which the State, the charity or other body becomes so entitled or of the assets which are held as mentioned in paragraph (b) shall be treated for the purposes of Capital Gains Tax Acts as made for such consideration as to secure that neither a gain nor a loss accrues on the disposal.