

Disposals within family of business or farm. CGTA75 s27; CGT(A)A78 s8; FA90 s85; FA95 s72; FA96 s132(2) and Sch5 Pt II 599.—(1) (a) In this section, “child”, in relation to a disposal, includes a nephew or a niece who has worked substantially on a full-time basis for the period of 5 years ending with the disposal in carrying on, or assisting in the carrying on of, the trade, business or profession concerned or the work of, or connected with, the office or employment concerned.

(b) Subject to this section, where an individual who has attained the age of 55 years disposes of the whole or part of his or her qualifying assets to his or her child, relief shall be given in respect of the capital gains tax chargeable on any gain accruing on the disposal.

(c) For the purposes of paragraph (b), the capital gains tax chargeable in respect of the gain shall be the amount of tax which would not have been chargeable but for that gain.

(2) Nothing in this section shall affect the computation of gains accruing on the disposal of assets other than qualifying assets by an individual who makes a disposal within subsection (1).

(3) Section 598 (4) shall apply to a disposal within subsection (1) as it applies to a disposal within section 598 (2).

(4) (a) Where assets comprised in a disposal to a child in respect of which relief has been granted under this section are, within 6 years of the disposal by the individual concerned, disposed of by the child, the capital gains tax which if subsection (1) had not applied would have been charged on the individual on his or her disposal of those assets to the child shall be assessed and charged on the child, in addition to any capital gains tax chargeable in respect of the gain accruing to the child on the child's disposal of those assets.

(b) An assessment to give effect to this subsection shall not be out of time if made within 10 years after the end of the year of assessment in which the assets are disposed of by the child.

(5) The consideration on a disposal within subsection (1) shall not be taken into account for the purposes of aggregation under section 598 (3).