

Contingent liabilities. CGTA75 s51(1) and Sch1 par11 562.—(1) No allowance shall be made under section 552—

(a) in the case of a disposal by means of assigning a lease of land or other property, for any liability remaining with or assumed by the person making the disposal by means of assigning the lease which is contingent on a default in respect of liabilities thereby or subsequently assumed by the assignee under the terms and conditions of the lease;

(b) for any contingent liability of the person making the disposal in respect of any covenant for quiet enjoyment or other obligation assumed—

(i) as vendor of land or of any estate or interest in land,

(ii) as a lessor, or

(iii) as grantor of an option binding that person to sell land or an interest in land or to grant a lease of land;

(c) for any contingent liability in respect of a warranty or representation made on a disposal by means of a sale or lease of any property other than land.

(2) Where it is shown to the satisfaction of the inspector that any contingent liability mentioned in subsection (1) has become enforceable and is being or has been enforced, such adjustment, whether by means of discharge or repayment of tax or otherwise, shall be made as may be necessary.