

CHAPTER 2 Computation of chargeable gains and allowable losses

Interpretation and general). CGTA75 s51(2), Sch1 pars1 and 5(3) and Sch4 par13; CGT(A)A78 s17 and Sch2 544.—(1) In this Chapter, “renewals allowance” means a deduction allowable in computing profits, gains or losses for the purposes of the Income Tax Acts by reference to the cost of acquiring an asset in replacement of another asset, and for the purposes of this Chapter a renewals allowance shall be regarded as a deduction allowable in respect of the expenditure incurred on the asset which is being replaced.

(2) References in this Chapter to sums taken into account as receipts or as expenditure in computing profits, gains or losses for the purposes of the Income Tax Acts shall include references to sums which would be so taken into account but for the fact that any profits or gains of a trade, profession or employment are not chargeable to income tax or that losses are not allowable for those purposes.

(3) References in this Chapter to income or profits charged or chargeable to tax include references to income or profits taxed or, as the case may be, taxable by deduction at source.

(4) No deduction shall be allowable in a computation under the Capital Gains Tax Acts more than once from any sum or from more than one sum.

(5) For the purposes of any computation under this Chapter of a gain accruing on a disposal, any necessary apportionment shall be made of any consideration or of any expenditure, and the method of apportionment adopted shall, subject to this Chapter, be such method as appears to the inspector or on appeal the Appeal Commissioners to be just and reasonable.

(6) Section 557 and the other provisions of the Capital Gains Tax Acts for apportioning on a part disposal expenditure which is deductible in computing a gain shall be operated before the operation of and without regard to—

(a) section 1028(5),

(b) section 597, and

(c) any other provision making an adjustment to secure that neither a gain nor a loss accrues on a disposal.

(7) Any assessment to income tax or any decision on a claim under the Income Tax Acts, and any decision on an appeal under the Income Tax Acts against such an assessment or decision, shall be conclusive in so far as under any provision of the Capital Gains Tax Acts liability to tax depends on the provisions of the Income Tax Acts.

(8) In so far as the provisions of the Capital Gains Tax Acts require the computation of a gain by reference to events before the 6th day of April, 1974, all those provisions, including the provisions fixing the amount of the consideration deemed to be given on a disposal or an acquisition, shall apply except in so

far as expressly excluded.