

1 Annual exempt amount for 2014-15

- (1) For the tax year 2014-15 the amount specified in section 3(2) of TCGA 1992 (annual exempt amount) is replaced with “£11,000”.
- (2) Accordingly section 3(3) of that Act (indexation of annual exempt amount) does not apply for that tax year.

2 Annual exempt amount for 2015-16

- (1) For the tax year 2015-16 and subsequent tax years the amount specified in section 3(2) of TCGA 1992 (annual exempt amount) is replaced with “£11,100”.
- (2) Section 3(3) of that Act (indexation of annual exempt amount) does not apply in relation to the tax year 2015-16 (but subsection (1) does not override section 3(3) of that Act for subsequent tax years).

EXPLANATORY NOTE

CAPITAL GAINS TAX ANNUAL EXEMPT AMOUNT FOR 2014-15

SUMMARY

1. This clause sets the capital gains tax annual exempt amount for the tax year 2014-15 at £11,000.

DETAILS OF THE CLAUSE

2. Subsection (1) sets the annual exempt amount at £11,000 for 2014-15.
3. Subsection (2) disapplies the indexation provisions for the annual exempt amount for 2014-15.

BACKGROUND NOTE

4. Individuals do not have to pay capital gains tax (CGT) unless their chargeable gains (net of all allowable losses) for a tax year exceed the “annual exempt amount” (AEA) for the year. The AEA is not available to non-domiciled individuals who claim the remittance basis of taxation for the tax year. Personal representatives of deceased persons are entitled to the AEA for the tax year in which the individual dies and the following two tax years. Trustees of settled property are entitled to a fraction of the AEA for an individual. In most cases the fraction is one-half, but a smaller fraction applies in some cases. Trusts for the benefit of certain vulnerable individuals are entitled to the full AEA due to an individual.

5. The AEA is automatically increased by reference to inflation, as measured by the consumer prices index for the 12 months to September in the preceding tax year, rounded up to the next £100. Parliament can override automatic indexation and set a different figure in the Finance Act.

6. The AEA for the tax year 2013-14 is £10,900.

7. If you have any questions about this change, or comments on the legislation, please contact Alan McGuinness on 03000 585256 (email: alan.mcguinness@hmrc.gsi.gov.uk).

EXPLANATORY NOTE

CAPITAL GAINS TAX ANNUAL EXEMPT AMOUNT FOR 2015-16

SUMMARY

1. This clause sets the capital gains tax annual exempt amount for the tax year 2015-16 at £11,100.

DETAILS OF THE CLAUSE

2. Subsection (1) sets the annual exempt amount at £11,100 for 2015-16 and subsequent tax years.

3. Subsection (2) disapplies the indexation provisions for the annual exempt amount for 2015-16 only. Therefore for tax year 2016-17 onwards the annual exempt amount will be adjusted (if necessary) in accordance with section 3(3) unless Parliament otherwise determines.

BACKGROUND NOTE

4. Individuals do not have to pay capital gains tax (CGT) unless their chargeable gains (net of all allowable losses) for a tax year exceed the “annual exempt amount” (AEA) for the year. The AEA is not available to non-domiciled individuals who claim the remittance basis of taxation for the tax year. Personal representatives of deceased persons are entitled to the AEA for the tax year in which the individual dies and the following two tax years. Trustees of settled property are entitled to a fraction of the AEA for an individual. In most cases the fraction is one-half, but a smaller fraction applies in some cases. Trusts for the benefit of certain vulnerable individuals are entitled to the full AEA due to an individual.

5. The AEA is automatically increased by reference to inflation, as measured by the consumer prices index for the 12 months to September in the preceding tax year, rounded up to the next £100. Parliament can override automatic indexation and set a different figure in the Finance Act.

6. Another clause in this Finance Bill sets the AEA for the tax year 2014-15 at £11,000.

7. If you have any questions about this change, or comments on the legislation, please contact Alan McGuinness on 03000 585256 (email: alan.mcguinness@hmrc.gsi.gov.uk).