

2012 No. 881

CAPITAL GAINS TAX

The Capital Gains Tax (Annual Exempt Amount) Order 2012

Made - - - -

20th March 2012

The Treasury make the following Order in discharge of the duty imposed by section 3(4) of the Taxation of Chargeable Gains Act 1992(a):

Citation

1. This Order may be cited as the Capital Gains Tax (Annual Exempt Amount) Order 2012.

Exempt amount of capital gains for 2012-13

2. The amount which, by virtue of section 3(2) of the Taxation of Chargeable Gains Act 1992, is, unless Parliament otherwise determines, the exempt amount for the year of assessment 2012-13 is £11,200.

Angela Watkinson

Michael Fabricant

20th March 2012

Two of the Lords Commissioners of Her Majesty's Treasury

(a) 1992 c.12. Section 3 was amended by section 83 of the Finance Act 1993 (c. .34), paragraph 3 of Schedule 21 to the Finance Act 1998 (c. 36), paragraph 3 of Schedule 28 and paragraph 1 of Schedule 43 to the Finance Act 2003 (c. 14), paragraph 26 of Schedule 2 and paragraph 56 of Schedule 7 to the Finance Act 2008 (c. .9) and section 8 of the Finance Act 2011 (c. 11). The annual exempt amount was last increased by S.I. 2011/899.

EXPLANATORY NOTE

(This note is not part of the Order)

Section 3 of the Taxation of Chargeable Gains Act 1992(**a**) (“TCGA”) provides for an exemption from capital gains tax where an individual’s gains in any year of assessment are below a threshold which the Treasury are required to specify before that year. This Order provides that the annual exempt amount (“AEA”) for the assessment year 2012-13 is £11,200.00.

The AEA for 2012-13 has been calculated by increasing the AEA for the previous assessment year in line with inflation as measured by the “retail prices index” from September 2010 to September 2011 and rounding-up to the nearest £100.00. This method of calculation is prescribed in section 3(3) to (3B) of TCGA.

The AEA for the assessment year 2011-12 was £10,600.00. The “retail prices index” is defined by section 288(2) of TCGA and section 989 of the Income Tax Act 2007(**b**). The “retail prices index” for September 2010 is 225.3 and for September 2011 is 237.9, based upon January 1987 as 100.

A Tax Information and Impact Note has not been prepared for this instrument as it gives effect to previously announced policy and relates to routine changes to rates to a predetermined indexation formula.

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- (a) 1992 c. 12.
(b) 2007 c. 3.

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