STATUTORY INSTRUMENTS

2004 No. 774

TAXES

The Capital Gains Tax (Annual Exempt Amount) Order 2004

Made - - - - 17th March 2004

The Treasury, in pursuance of section 3(4) of the Taxation of Chargeable Gains Act 1992(**a**), hereby make the following Order:

Citation

1. This Order may be cited as the Capital Gains Tax (Annual Exempt Amount) Order 2004.

Exempt amount of capital gains for 2004-05

2. The amount specified, which by virtue of section 3 of the Taxation of Chargeable Gains Act 1992 is, unless Parliament otherwise determines, the exempt amount for the year 2004-05, is £8,200.

John Heppell
Nick Ainger
17th March 2004 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) and paragraph 3 of Schedule 28 to the Finance Act 2003 (c. 14).

EXPLANATORY NOTE

(This note is not part of the Order)

This Order specifies £8,200 as the amount which, by virtue of section 3 of the Taxation of Chargeable Gains Act 1992 (c. 12: "the 1992 Act"), is the exempt amount for the year 2004-05 unless Parliament otherwise determines. Section 3(1) of the 1992 Act provides that an individual is chargeable to capital gains tax for a year of assessment only on the amount by which his taxable amount for the year exceeds the exempt amount. Section 3(5) of the 1992 Act provides that an individual's taxable amount for a year of assessment is the amount of chargeable gains on which he is chargeable to capital gains tax after any available allowable losses have been deducted and any available capital gains tax taper relief has been applied.

By virtue of the Capital Gains Tax (Annual Exempt Amount) Order 2003 (S.I. 2003/842) the exempt amount for the year 2003-04 was specified as £7,900. The amount of £8,200 is the amount for 2003-04 increased by the amount of the percentage increase in the retail prices index for September 2003 over that for September 2002, and rounded up to the nearest £100 in accordance with section 3(3) of the 1992 Act (as amended by section 83 of the Finance Act 1993).

Under section 288(2) of the 1992 Act, "retail prices index" has the same meaning as in the Income Tax Acts; and "retail prices index" is defined in section 833(2) of the Income and Corporation Taxes Act 1988 (c. 1), as amended by paragraph 22 of Schedule 2 to the Transfer of Functions (Registration and Statistics) Order 1996 (S.I. 1996/273), as the "general index of retail prices (for all items) published by the Office for National Statistics". The retail prices index for September 2002 is 177.6 and for September 2003 is 182.5 (based on January 1987 as 100) (see Table 3.1 on page 96 of *Economic Trends,* issue number 600*,* a National Statistics publication).

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