

CAPITAL GAINS
TAX

NEW HOUSES

Members will have noted the increasing number of new houses where the total price being paid by Purchasers exceeds £50,000 (£100,000 since 24th May 1989)¹.

Doubts have arisen as to the need for C.G.T. Clearance Certificates in such cases. The following appears to be the position:

- (1) Where there is an agreement for the purchase of a site and that agreement is separate from and unconnected with another agreement to erect a building on the site, a CGT Clearance Certificate is not required for the protection of the Purchaser unless the price of the site itself exceeds £50,000 (£100,000 since 24th May 1989)¹.
- (2) An Agreement for Sale and Building Agreement which are considered sufficiently unconnected by the Revenue Commissioners to enable the Revenue Commissioners to assess Stamp Duty on the Site Value only, should also satisfy the criteria of CGT purposes.
- (3) If the Contracts comprise a combined Building Agreement and Agreement for Lease or if separate contracts are interconnected, then, if the total consideration exceeds £50,000 (£100,000 since 24th May 1989)¹ the Solicitors for the purchaser must insist on getting a CGT Clearance Certificate, or make the deduction prescribed by the CGT Act 1975.

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*1. Check with Revenue for
current figure.*