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Capital Gains Manual

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CG13120 - Introduction and computation: occasions of charge: assets lost, destroyed or of negligible value: introduction

Section 24 of the Taxation of Chargeable Gains Act (TCGA) 1992

There are two basic situations where there is a disposal of an asset without there necessarily being a receipt of a capital sum. These are the actual loss of the asset, see below, and the deemed loss of the asset, see CG13125 (https://www.gov.uk/hmrc-internal-manuals/capital-gains-manual/cg13125). You should, however, remember that any compensation for the loss may give rise to a Capital Gains Tax charge, see CG12948 (https://www.gov.uk/hmrc-internal-manuals/capital-gains-manual/cg12948) and CG12971 (https://www.gov.uk/hmrc-internal-manuals/capital-gains-manual/cg12971). Where such compensation is used to restore or replace the original asset, see CG15700P (https://www.gov.uk/hmrc-internal-manuals/capital-gains-manual/cg15700p).

Under section 22 TCGA 1992 (https://www.legislation.gov.uk/ukpga/1992/12/section/22), the receipt of a capital sum which is derived from an asset is treated as being a disposal of that asset, see CG12940 (https://www.gov.uk/hmrc-internal-manuals/capital-gains-manual/cg12940). The following paragraphs consider situations where a disposal is treated as taking place, but no capital sum is necessarily received, see CG12980 (https://www.gov.uk/hmrc-internal-manuals/capital-gains-manual/cg12980) so that an allowable loss may accrue.

Section 24(1) TCGA 1992 - entire loss or destruction of asset

Section 24(1) TCGA 1992 (https://www.legislation.gov.uk/ukpga/1992/12/section/24) treats the entire loss or destruction of an asset as a disposal for Capital Gains Tax purposes.

Under section 16(2) TCGA 1992 (https://www.legislation.gov.uk/ukpga/1992/12/section/16), where a gain on a disposal of the asset would have been a chargeable gain, then such a disposal will give rise to an allowable loss. See, however:

- CG12340 (https://www.gov.uk/hmrc-internal-manuals/capital-gains-manual/cg12340) if an option has been abandoned for no consideration
- CG12965 (https://www.gov.uk/hmrc-internal-manuals/capital-gains-manual/cg12965) regarding the interaction of section 24 TCGA 1992 (https://www.legislation.gov.uk/ukpga/1992/12/section/24) with section 22 TCGA 1992 (https://www.legislation.gov.uk/ukpga/1992/12/section/22) if any capital sum by way of compensation or otherwise is received
- CG13137 (https://www.gov.uk/hmrc-internal-manuals/capital-gains-manual/cg13137) if buildings and structures on land have been destroyed

- CG68070 (https://www.gov.uk/hmrc-internal-manuals/capital-gains-manual/cg68070) if goodwill is claimed to have been destroyed

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