RUDGE REVENUE REVIEW

ISSUE XXXI

A PROBLEMATIC GRANT?

McKie & Co LLP
Rudge Hill House
Rudge
Somerset
BA11 2QG

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INDEX

FLAT MANAGEMENT COMPANIES AND LEASE EXTENSIONS

1.1 It is very common for leaseholders of a building to act together in setting up a management company to acquire the building's freehold with the share capital of the management company being owned by the leaseholders. Sometimes, the leaseholders, because they control it, are content for the management company to own the freehold beneficially. Normally the company holds the freehold as trustee on bare trusts for the leaseholders as tenants-in-common in equal shares.

1.2 In some cases the acquisition of the freehold is followed by extensions of the terms of the leases. Often no consideration is given by the leaseholders for the extensions or consideration is given which is considerably below market value.

1.3 How does CGT[1] apply to extensions of leases in the circumstances set out in paras. 1.1 and 1.2 above ('Typical Flat Management Transactions'[2]).

LEASE SURRENDERS, RE-GRANTS AND EXTENSIONS

2.1 Where a lease is extended by agreement so as to increase its term or the extent of the demised premises which are its subject, the law implies a surrender of the original lease and the grant of a new lease in the agreed new terms.[3] The extension of the term of a lease, therefore, has the same effects in law as the surrender of the lease and the grant of a new lease.

1 UK Capital Gains Tax. See Appendix
2 See Appendix
3 *Friend's Provident Life Office v. British Railways Board* [1991] 1 ALL ER 336

TCGA 1992 SECTION 21(2)

3.1 TCGA 1992 s.21(2) provides that:

> *'For the purposes of this Act—*
>
> *(a) references to a disposal of an asset include, except where the context otherwise requires, references to a part disposal of an asset, and*
> *(b) there is a part disposal of an asset where an interest or right in or over the asset is created by the disposal, as well as where it subsists before the disposal, and generally, there is a part disposal of an asset where, on a person making a disposal, any description of property derived from the asset remains undisposed of.'*[4]

3.2 It is clear that, subject to TCGA 1992 s.21(2)(b), the grant of a lease is not a part disposal of the freehold out of which it is granted. That is because the freeholder holds the entire freehold interest before the grant and he also does so after the grant. Does s.21(2)(b) extend the ambit of the phrase *'a part disposal'* to include the grant of a lease?

THE WIDE AND CONTRARY CONSTRUCTIONS

4.1 It might be thought that the grant of a lease involves the creation of *'an interest or right in or over'*[5] the freehold (the 'Wide Construction'[6]) within TCGA 1992 s.21(2)(b). The contrary argument might be made, however, that, although the rights conferred by the freehold are affected by the creation of the lease, the lease is neither an interest in, nor a right in or over, the freehold, for it is a separate interest, not in the freehold, but in the land (the 'Contrary Construction').[7]

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4 Taxation of Chargeable Gains Act 1992 ('TCGA 1992') s.21(2). See Appendix
5 See para. 3.1 above
6 See Appendix
7 See Appendix

4.2 The Contrary Construction would seem to be supported by the provisions of TCGA 1992 Sch. 8 para. 2(1) which provides that:

> *'(1) … where the payment of a premium is required under a lease of land, or otherwise under the terms subject to which a lease of land is granted, there is a part disposal of the freehold or other asset out of which the lease is granted.'*

4.3 If the grant of a long lease out of a freehold would in any event be a part disposal under TCGA 1992 s.21(1) then it appears that TCGA 1992 Sch. 8 para. 2 would be redundant.[8]

THE EFFECT OF THE CONTRARY CONSTRUCTION

5.1 If the Contrary Construction were correct, whereas a grant of a long lease out of a freehold requiring the payment of any sort of premium would be a part disposal of the freehold under TCGA 1992 Sch. 8 para. 2, the grant of a long lease which did not require any premium to be paid would not. The latter type of transaction will often, of course, be a transaction which is not at arm's length. TCGA 1992 s.17 provides that transactions which are not at arm's length are to be treated as made for a consideration equal to the market value of the asset concerned. Section 17, however, applies only in respect of *'a person's acquisition or disposal of an asset'.* Thus, if the Contrary Construction were correct, it appears that a freeholder granting a long lease which did not require the payment of a premium would not be deemed to do so for market value consideration because he would not have made a disposal.[9]

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8 For the presumption in statutory construction against redundancy see *No. 20 Cannon Street Ltd v. Singer & Friedlander Ltd* [1974] Ch 229, *Livewest Homes Ltd v. Bamber* [2019] EWCA Civ 1174 and *Bennion, Bailey and Norbury on Statutory Interpretation Eighth Edition* (Pub: RELX (UK) Limited – 2020) at pages 417 & 418

9 A similar argument applies in respect of the application of TCGA 1992 s.22 which applies to deem a disposal to take place where a capital sum is derived from an asset. At first sight one might think that, in respect of typical Flat Management Transactions, TCGA 1992 s.17 and s.18 would treat the grant as having been made for a market level of premium and, under that hypothesis, that a capital sum would be derived from the freehold so that there was a disposal under s.22. As we have said, however, TCGA 1992 s.17 applies only to an acquisition or a disposal and so, logically, one must first determine whether there is a disposal before applying its provisions rather than applying its provisions in order to determine whether there is a disposal

5.2 Does case law throw any light on whether the Wide or Contrary Construction is correct?

THE RELEVANT CASE LAW

Wright

6.1 The case of *Wright v. HMRC*[10] ('*Wright*'[11]) concerned a transaction under which the joint owners of a freehold granted, to one of the joint owners, a long lease under which no premium was payable. TCGA 1992 Schedule 8 para. 2 is not mentioned in the case. The Tribunal Judge proceeded on the basis that the grant of the lease was a part disposal by the joint holders of the freehold under TCGA 1992 s.21(2)(b) and was, because of TCGA 1992 s.17, deemed to be made for the premium which would have been paid in a transaction at arm's length.

6.2 The case is only of limited authority, however, because, as a First-tier Tribunal case it is only persuasive and its persuasiveness is reduced by the fact that the taxpayer represented himself in the case so that no argument was advanced in respect of the construction of s.21(2)(b) in the light of Schedule 8 para. 2.

Clarke

6.3 The High Court case of *Clarke (Inspector of Taxes) v. United Real (Moorgate) Limited*[12] ('Clarke'[13]) concerned a grant by a freeholder of a long lease for consideration which was found to be a premium for the purposes of the relevant CGT legislation. The statutory provisions at issue in the case were contained in the Capital Gains Tax Act 1979 ('CGTA 1979'[14]), the predecessor to TCGA 1992, and those provisions were substantially the same as those which succeeded them in TCGA 1992. The High Court found that the

[10] *Mr Robert Wright v. HMRC* [2017] UKFTT 816 (TC) TC06211
[11] See Appendix
[12] *Clarke (Inspector of Taxes) v. United Real (Moorgate) Limited* ChD [1988] STC 273
[13] See Appendix
[14] See Appendix

grant was a part disposal and, in doing so, referred to CGTA 1979 s.19(2) which was the predecessor of TCGA 1992 s.21(1) but did not refer to CGTA 1979 Schedule 3 para. 2 which was the predecessor of TCGA 1992 Schedule 8 para. 2.

6.4 Nonetheless, the case is only weak authority as to whether the Wide or Contrary Construction is correct because the Contrary Construction was not advanced by either party to the case and, because the lease at issue in the case provided for a premium to be paid, the grant of the lease would still have been held to be a disposal if the Contrary Construction had been applied.

6.5 Although *Wright* and *Clarke* provide some support for the Wide Construction neither case can be regarded as binding authority on whether the Wide or the Contrary Construction is correct.

6.6 In our view, the Contrary Construction is more likely to be correct than the Wide Construction.

HMRC'S APPARENT VIEW

7.1 HMRC, however, seems to regard the Wide Construction as the correct construction of TCGA 1992 s.21(1)(b).[15] It seems, therefore, that it would regard a part disposal as taking place where a long lease is granted out of a freehold and no premium is payable and that a market value level of premium is to be imputed to the transaction where the grant of the lease is not at arm's length.

7.2 Where it is in its interests to do so, HMRC often adopts constructions of fiscal law which are doubtful and, sometimes, constructions which are clearly incorrect. Because it has

[15] HMRC Capital Gains Tax Manual paras CG 70770 and CG 70822

overwhelming financial resources and coercive administrative powers only taxpayers with very substantial resources can risk challenging its construction of the law. In the rest of this Review, therefore, in spite of our preceding analysis, we examine the consequences of the Wide Construction being correct.

COMPUTING THE AMOUNTS DEDUCTIBLE UNDER S.38(1) ON A PART DISPOSAL

8.1 The basic computational provisions which apply where there is a part disposal of an asset, are set out in TCGA 1992 s.42 which provides that:

> *'(1) Where a person disposes of an interest or right in or over an asset, and generally wherever on the disposal of an asset any description of property derived from that asset remains undisposed of, the sums which under paragraphs (a) and (b) of section 38(1) are attributable to the asset shall, both for the purposes of the computation of the gain accruing on the disposal and for the purpose of applying this Part in relation to the property which remains undisposed of, be apportioned.*
>
> *(2) The apportionment shall be made by reference—*
>
> *(a) to the amount or value of the consideration for the disposal on the one hand (call that amount or value A), and*
> *(b) to the market value of the property which remains undisposed of on the other hand (call that market value B),*
>
> *and accordingly the fraction of the said sums allowable as a deduction in the computation of the gain accruing on the disposal shall be—*
>
> $$\frac{A}{A + B}$$
>
> *and the remainder shall be attributed to the property which remains undisposed of.*
>
> *…*
>
> *(4) This section shall not be taken as requiring the apportionment of any expenditure which, on the facts, is wholly attributable to what is disposed of, or wholly attributable to what remains undisposed of.*
>
> *…'*[16]

[16] TCGA 1992 s.42

SURRENDERS AND RE-GRANTS

Disposals and acquisitions

9.1 Where a lease is surrendered and a new lease is granted, there is a disposal by the leaseholder of an asset, the original lease, and an acquisition of another asset, the new lease. The grant of the new lease will also, normally, be a part disposal of the freehold by the freeholder. We have seen[17] that the extension of the term of a lease by agreement of the parties rather than under the terms of the lease is treated in law as a surrender of the lease.

The leaseholder

9.2 We first consider the position of the leaseholder under such a surrender and re-grant.

9.3 As we have seen,[18] where the surrender and re-grant are not transactions by way of bargains made at arm's length they are to be treated as taking place for a consideration equal to the market value of the asset concerned[19] and, for this purpose, transactions between connected persons are treated as transactions other than by way of a bargain made at arm's length.[20]

Connected persons

9.4 TCGA 1992 s.286 provides that:

> *'(2) A person is connected with an individual if that person is the individual's spouse or civil partner, or is a relative, or the spouse or civil partner of a relative, of the individual or of the individual's spouse or civil partner.*
> *…*
> *(6) A company is connected with another person, if that person has control of it or if that person and persons connected with him together have control of it.*

[17] See para. 2.1 above
[18] See para. 5.1 above
[19] TCGA 1992 s.17
[20] TCGA 1992 s.18. See para. 5.1 above

(7) Any 2 or more persons acting together to secure or exercise control of a company shall be treated in relation to that company as connected with one another and with any person acting on the directions of any of them to secure or exercise control of the company.

(8) In this section "relative" means brother, sister, ancestor or lineal descendant.'

9.5 In many situations, the shareholders in Typical Flat Management Transactions will, therefore, be connected with one another for the purposes of CGT either because they are connected as being relatives or because they act together to control the flat management company.

The strict application of the law

9.6 If there is a surrender and re-grant of a lease, therefore, applying the law strictly, the surrender will be a disposal of the original lease which will be made in consideration of the grant of the new lease plus any other payment or transfers made by the grantee under the arrangement with the grantor.

9.7 If the transaction is not between connected parties and is by way of a bargain at arm's length the total amount of the consideration given for the disposal of the old lease will include the market value of the new lease. If the transaction is between connected parties or is not by way of a bargain at arm's length, the disposal will be deemed to take place for a consideration equal to the market value of the old lease.

9.8 Similarly, the consideration for the acquisition of the new lease, if the transaction is not between connected persons and is by way of a bargain at arm's length, will include the market value of the old lease. If the acquisition is between connected parties or is not under a bargain at arm's length the acquisition will be deemed to take place for a consideration equal to the market value of the new lease.

ESC D39

9.9 By concession, HMRC will accept a modification of the strict technical position in some circumstances. Extra Statutory Concession D39 (Extension of Leases) ('ESC D39'[21]) provides that:

> *'Where the extension of a lease other than under its original terms involves the surrender of the old lease and the grant of a new lease, a liability to Capital Gains Tax may strictly arise. In an arm's length transaction, the value, if any, of the new lease is taken into account as consideration for the disposal of the old lease.*
>
> *In practice, however, the surrender of a lease before its expiry and the grant of a new lease for a longer term will not be regarded as a disposal or part disposal of the old lease where all the following conditions are met—*
>
> – *the transaction, whether made between connected or unconnected parties, is made on terms equivalent to those that would have been made between unconnected parties bargaining at arm's length;*
> – *the transaction is not part of, or connected with, a larger scheme or series of transactions;*
> – *a capital sum is not received by the lessee;*
> – *the extent of the property in which the lessee has an interest under the new lease does not differ in any way from that to which the old lease related;*
> – *the terms of the new lease (other than its duration and the amount of rent payable) do not differ from those of the old lease. For this purpose trivial differences will be ignored.'*[22]

9.10 ESC D39 will, therefore, only apply to prevent the surrender of the old lease under a surrender and re-grant from being a disposal if the surrender is made on terms which would have been made between unconnected parties bargaining at arm's length. Under Typical Flat Management Transactions,[23] that will not normally be the case.

<u>The Freeholder</u>

9.11 Under a surrender and re-grant, the freeholder makes a part-disposal of the freehold by granting the new lease.

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[21] See Appendix
[22] ESC D39
[23] See paras. 1.1-1.3 and 9.5 above

Where the flat management company is the beneficial owner of the freehold

9.12 Where the flat management company is the beneficial owner of the freehold, it is clear that on an extension of the lease terms giving rise to a surrender of the old leases and a grant of new leases, applying the Wide Construction, each of the leaseholders makes a disposal of his old lease and an acquisition of his new lease.

9.13 Because the disposal is not one which would take place under a bargain at arm's length, the old lease is deemed to have been disposed of for its market value immediately before its surrender and the new lease is deemed to have been acquired for its market value on grant.

9.14 In extending the terms of the leases the company makes a part disposal of the freehold for the purposes of Corporation Tax on chargeable gains.[24]

9.15 The consideration deemed to be given for the part disposal of the freehold will be equal to the premium which would have been charged for the grant of the new lease if the transaction had been under a bargain at arm's length.

Where the flat management company holds the freehold on bare trust for the leaseholders

9.16 Where the company holds the freehold on bare trust for the leaseholders the question of whether there is a part disposal of the freehold by the flat management company and a disposal of the old lease by the leaseholders is more complicated.

9.17 Some expert commentators in the relevant technical literature seem to suggest that it is possible that no disposal is made although the comments are not of sufficient

[24] Companies are chargeable to Corporation Tax on chargeable gains rather than CGT

precision to show categorically that is the authors' opinion, or if it is, what are the authors' grounds for holding this view. So, for example, the Office of Tax Simplification said in its second report on the simplification of CGT:

> *'7.95 …, the tax outcome is similar if the leaseholders do not actually pay the flat management company for the lease extension - which is a common situation where the leaseholder and freeholder are effectively the same person.*
>
> *7.96 This tax treatment is a consequence of anti-avoidance provisions concerning transactions between "connected persons" that, because the leaseholders and flat management company have a close connection, treat the transaction as being made at market value. So the company is taxed on the full market value of the lease extension, whether or not it receives any money.*
>
> *…*
>
> *7.97 Well-advised leaseholders - particularly in the situation where they are exercising a collective "right to buy" their freehold - will have extended their leases at the same time they buy the freehold, and the flat management company will only hold the freehold as nominee for the leaseholders. In that situation the leaseholders do effectively own both the leasehold and freehold and there are no tax implications if the leases are extended further (as the flat management company doesn't own the freehold outright, it just manages it on behalf of the freeholders).*
>
> ***Position of the leaseholder on a lease extension***
> *7.98 As well as the Corporation Tax charge on a deemed gain for the flat management company, a leaseholder may also have a Capital Gains Tax liability as in tax terms they are selling their old lease before acquiring the new, extended lease.*
>
> *7.99 If, perhaps because property prices have increased, the value of the old lease has risen over time, then the "sale" of the old lease to the flat management company will trigger a capital gain as the transaction will be at market value.'*[25]

9.18 Marc Selby writing in the *Tax Journal* in 2016[26] said:

> *'It is also arguable that, since the freehold of each flat will be held by the company as bare trustee for the lessee of the relevant flat, the surrender of the old lease in exchange for the grant of the new lease would not trigger a disposal. However, it would be preferable to avoid an argument by granting the new lease without surrendering the old lease.'*

[25] Capital Gains Tax – Second Report: Simplifying practical, technical and administrative issues – Office of Tax Simplification May 2021

[26] *'Ask an expert – Collective enfranchisement' – Tax Journal* 15th July 2016

9.19 Leigh Sayliss writing in Tax Adviser in 2017[27] was less sanguine. We understand that, in correspondence, HMRC has said that it has 'concerns' over the proposition that, where a company holding a freehold as nominee of the leaseholder extends the terms of the lease, there is no part disposal of the freehold of the original lease because the persons owning the freehold are also the leaseholders and for there to be a disposal it must be possible, which it is not, for a person to make a disposal to himself.

9.20 At first sight, the assertion that there is a disposal of the old lease and an acquisition of the new lease on a surrender and re-grant of leases of flats in a building the freehold of which is owned by the leaseholders in equal shares as tenants-in-common would appear to be clearly correct.

9.21 Before the surrender and re-grant the freehold would be subject to the various rights of the leaseholders under the old leases which will differ according to which area of the building is the subject of a particular lease. After the re-grant, the freehold would be subject to the various rights of the leaseholders under the new leases still differing according to which area of the building is the subject of each particular new lease but now for a longer term.

9.22 It would seem to follow, therefore, that each leaseholder would have made a disposal of his 100% interest in his old lease to the freeholders and acquired a 100% interest in his new lease from the freeholders. Each leaseholder will not have made a disposal of the old lease solely to himself but disposals to each of the freeholders as tenants in common. Similarly, the part disposal of the freehold which results from the grant of a new lease will be a disposal by all of the tenants-in-common in the freehold to the particular holder of that lease. To the extent of the interests of the other leaseholders

[27] *'Tax traps for tenant-owned part management companies' – Tax Adviser* 27th July 2017

in the freehold, therefore, on this argument any particular leaseholder will not have made a part disposal of the freehold to himself. That would seem to follow clearly from the fact that the leaseholders each own the whole interest in a lease but only an undivided share in the freehold.

9.23 This is further supported by a consideration of the effect of the transaction on the market values of the freehold and of the leases. The market value of the leases will vary between themselves according to the particular characteristics of the demised premises so the increase in value of the leases arising from the re-grant will vary from lease to lease. The decreases in value of the leaseholders' interests in the freehold as tenants-in-common will all be of the same amount and, therefore, will not match the increase in value of a particular individual's lease.

9.24 Why then do some commentators consider, or appear to consider, that there cannot be such disposals on the grounds that, if they did occur, each individual leaseholder would make a disposal to himself, a transaction which is impossible in law? It may be that the opinion is based on the case of *Warrington v. Brown.*[28]

9.25 *Warrington v. Brown* concerned a family, the individual members of which owned various parcels of farmland, which were farmed as a family farming unit. To facilitate the management of this farmland, the individual family members transferred (the '1971 Transfers'[29]) their interests in the land to trustees to hold on bare trusts for the family members and for various settlements which they had established. Under the bare trusts the settlors did not continue to have a 100% interest in the farmland which they had contributed but a percentage interest in all the land held under the bare trusts determined as being the proportion which the value of the land which they had

[28] *Warrington and others (HM Inspector of Taxes) v. Brown and others* [1989] 62 TC 226
[29] See Appendix

contributed bore, at the time the trusts were made, to the value of all the land contributed to the trust at that time. The values were carefully determined by expert valuers.

9.26 In 1980, by agreement between the family members, various of these shares in the trust fund were advanced (the '1980 Advances'[30]) to their beneficial owners and the rights under the advances were satisfied by the appropriation of particular areas of land, the value of which was equal to the value of the percentage interest in the fund of the family member or settlement concerned at the time of the advances.[31]

9.27 So before the 1980 Advances each owner of a share in the land subject to the bare trust had a percentage interest in all the land held on the bare trusts. After the 1980 Advances those who had previously held shares in the land held on bare trusts and who received advances had absolute interests in particular parcels of land reversing the effect of the 1971 Transfers.

9.28 HMRC argued that each of the 1980 Advances constituted a disposal by every beneficial owner under the bare trusts of the advanced land to the particular individual to whom, or settlement to which, the advance concerned was made. This was on the basis that before the 1980 Advances each beneficiary had a right as beneficial tenant-in-common to a fixed percentage of all the land held on the bare trusts whereas after the advances each beneficiary to whom an advance was made held an absolute interest in a particular area of land.

[30] See Appendix

[31] Some of the family members took the opportunity to make gifts of the settlements for their children

9.29 Knox J in the High Court decided that there were no disposals by the beneficiaries except to the extent that the shares of some of the family members were, with their consent, advanced to settlements for their children.[32]

9.30 In reaching this conclusion, Knox J quoted with approval the words of Oliver LJ in the case of *Booth v. Ellard*[33] *stating* a general proposition in the following terms:

> *'Where several separate owners of property pool their property through the medium of a trust in such a way that their respective beneficial proprietary interests under the trust reflect precisely the individual property interests which they separately had before the creation of the trust, nobody would say, I think, using language in its ordinary sense, that they had disposed of their property except in the purely technical sense that the legal ownership has been transferred to the trustees.'*[34]

9.31 Knox J then said that Oliver LJ in *Booth v. Ellard* went on to state thaut:

> *'To tax such a technical disposition as one producing a capital gain would be capricious.'*[35]

9.32 In our view *Warrington v. Brown* was concerned only with a narrow class of arrangements under which assets are transferred to a bare trustee by various individuals or by trusts under which they obtain interests proportionate to the value of the assets which they contribute and their interests in the trust fund are later advanced to beneficiaries by the trustees appropriating particular assets to satisfy the proportionate interests in the fund. It may well be that in such a case, where there is a clear cut and simple relationship between the value of the assets contributed and the individual's interest in the fund and the transactions are transactions only between the beneficiaries and the bare trustees, it would indeed be *'capricious'* as Oliver LJ said in *Booth v. Ellard* '*To tax such a technical disposition as one producing a capital gain …'.*

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32 *Warrington and others (HM Inspector of Taxes) v. Brown and others* [1989] 62 TC 226 at page 252

33 *Booth v. Ellard (Inspector of Taxes)* [1980] STC 555

34 *Booth v. Ellard (Inspector of Taxes)* [1980] STC 555 at page 561 cited in *Warrington and others (HM Inspector of Taxes) v. Brown and others* [1989] 62 TC 226 at page 251

35 *Warrington and others (HM Inspector of Taxes) v. Brown and others* [1989] 62 TC 226 at page 251 citing *Booth v. Ellard (Inspector of Taxes)* [1980] STC 555 at para. 561

9.33 Such arrangements, however, are very different from Typical Flat Management Transactions. In such transactions the bare trust involves only one interest in land. The transactions involved are not simple transfers of the whole beneficial interest in a land interest. The aggregate value of each leaseholder's interest in the freehold and in his lease are changed by the transaction. Each leaseholder's rights as lessee are changed by the transaction and the burden on the freehold of those rights is similarly changed so that the value of the leases in aggregate is increased and the value of the freehold is decreased by the transaction.

9.34 We do not consider, therefore, that *Warrington* v. *Brown* is authority for the proposition that the surrender of a lease in a Typical Flat Management Transaction is not a disposal of the lease by the leaseholder or a part disposal of the freehold by the freeholder.

9.35 In our view, therefore, the results, in respect of tax on chargeable gains, of a Typical Flat Management Transaction where the management company holds the freehold as bare trustee for the leaseholders are the same as where the management company owns the freehold beneficially except that, in the former case, the part disposal of the freehold is made by the individual leaseholders who are parties to the arrangement and any gain is subject to CGT and, in the latter case, it is made by the flat management company and any gain is chargeable to Corporation Tax.[36]

9.36 If we are correct in this conclusion, many individuals, who have entered into Typical Flat Management Transactions under which the flat management company holds the freehold as nominee for the leaseholders thinking that their arrangements will prevent the lease extensions from being disposals of the original leases and part disposals of the freehold, will actually have made such disposals and have created charges to CGT.

[36] See para. 9.14 above

Whether HMRC, seeking to maximise its receipts, will, now or in the future, assess such gains, and impose penalties in respect of the assessments, remains to be seen.

APPENDIX
GLOSSARY OF WORDS AND PHRASES

In this Review we use various words and phrases in special senses which we define in this Appendix. This Appendix lists those words and phrases and gives their definitions and the paragraphs in which they are first used.

DEFINED WORD OR PHRASE	DEFINITION	PARAGRAPH OF THE REVIEW IN WHICH THE DEFINED WORD OR PHRASE IS FIRST USED
1971 Transfers	Transfers to a bare trust made in 1971 and considered in the case of *Warrington v. Brown*	9.25
1980 Advances	Advances from a bare trust which took place in 1980 and were the subject of *Warrington v. Brown*	9.26
CGT	UK Capital Gains Tax	1.3
CGTA 1979	Capital Gains Tax Act 1979	6.3
Clarke	The case of *Clarke (Inspector of Taxes) v. United Real (Moorgate) Limited* ChD [1988] STC 273	6.3
Contrary Construction	A construction of TCGA 1992 s.21(2)(b) under which a grant of a long lease out of a freehold is not a part disposal except to the extent that it is treated as such under TCGA 1992 Sch 8 para. 2	4.1
ESC D39	Extra Statutory Concession D39 (Extension of Leases)	9.9
TCGA 1992	Taxation of Chargeable Gains Act 1992	3.1
Typical Flat Management Transactions	Transactions of a type set out in paragraphs 1.1 and 1.2 of this Review	1.3
Wide Construction	A construction of TCGA 1992 s.21(2) under which a grant of a long lease out of a freehold is a part disposal within that section	4.1
Wright	*The case of Mr Robert Wright v. HMRC* [2017] UKFTT 816 (TC) TC06211	6.1