HMRC - CG34866 - Settlor Trusts: Computations: Personal Losses: 2003-04 Onwards

These rules apply for 2003-04 and later years of assessment where chargeable gains equal to net chargeable gains of trustees are attributed to settlors. A settlor can set personal allowable losses, except for clogged losses, see CG14561 and CG37203, against those attributed gains before taper relief is applied.

The rules for the set-off of allowable losses against chargeable gains for individuals are explained at CG21560.

The trustees of a settlor-interested trust, see CG34865, will begin by working out all the gains on their disposals of any or all of the settled property in the year of assessment in the normal way, deducting allowable losses and applying all available reliefs and exemptions other than taper relief and the annual exempt amount. Chargeable gains equal to this net amount (before taper relief) are then attributed to the settlor.

Where chargeable gains for a year of assessment are attributed to a settlor under section 77 or section 86 TCGA 1992, the settlor’s personal allowable losses are first set against his personal chargeable gains, if any, and then deducted from the attributed gains. For years up to 2007/2008 the rule was modified to take account of taper relief.

The right hand column of the example in CG34874 applies for 2003-04 onwards.

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