HMRC - CG34873 - Settlor Trusts: Computations: Personal Losses: Election For 2000-01 To 2002-03

Settlors may elect for the treatment for 2003-04 and later years, see CG34866, to apply in respect of gains attributed for any or all of the tax years 2000-01, 2001-02 and 2002-03. A model form for election is at the end of Help Sheet IR277, 2002-03 edition.

The election must have been made by a notice given to an officer of HMRC by 31 January 2005. An election made where chargeable gains are treated as accruing in respect of two or more settlements may be made in respect of only some of the settlements concerned but this must be specified in the election.

Where a valid election is made all tax adjustments are to be made to give effect to the election.

It is not normally necessary to obtain the consent of the trustees of a settlement affected by an election. However, the election should be made jointly by the settlor and the trustees of the settlement where, as a result of an election, the settlor’s entitlement to recover a total amount of tax from the trustees is increased for the years 2000-01 to 2002-03 taken together.

If a settlor has no personal losses, it makes no difference whether an election is made. The main advantage of making an election is where the settlor has losses which he or she is unlikely to be able to use in the immediate future, but a settlement which is a settlor-interested trust in relation to him or her has a significant gain in a year for which an election may be made.

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