HMRC - CG34875 - Settlor Trusts: Computations: Personal Losses: 1998-99 To 2002-03

Section 2(2) TCGA 1992, see CG21520, provides that CGT is charged on the total chargeable gains accruing in a year of assessment less allowable losses accruing in that year and any unused allowable losses brought forward from an earlier year subject to limitations imposed by S2(3), see CG21500 +.

When taper relief was introduced in 1998-99 section 2(4) and (5) TCGA provided that, where gains were attributed to a settlor under section 77 or section 86, or to a beneficiary of a non-resident settlement under section 87 or section 89(2), and subject to modification by section 10A (temporary non-resident) in certain cases, then the sum of a person’s gains before the annual exempt amount was the sum of:

His or her chargeable gains other than attributed chargeable gains, less allowable losses, less taper relief; plus

The attributed gains.

In other words, the person to whom the gains were attributed was not entitled either to deduct personal losses from the attributed gains or to apply taper relief to those gains (the gains had already received taper relief before attribution).

The central column of the example in CG34874 applies in this situation. CG18304 explains the provisions for the carry forward of unused losses in this situation.

See CG34873 if an election is made covering any of the years 2000-2001 to 2002-2003 inclusive.

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