HMRC - CG34901 - Settlor Trusts: Computations: Example 2

The facts are as in Example 1 except that by a deed executed during 1988-89 Mrs B irrevocably excludes herself from the class of beneficiaries. The gains of that year are apportioned and attributed as before because Mrs B had an interest in the settlement at some time during the year. The losses of 1989-90 and the gains of 1990-91 are apportioned in the same way, and the net gains of £25 for 1990-91 are attributed to A.

There can be no attribution to B in 1990-91 because neither he nor his spouse has an interest in the settlement in that year. Accordingly the gains on the assets deriving from the property provided by B are assessable on the trustees and the trustees can claim the annual exemption due to them. If this exceeds the gains of 1990-91 (£375), the losses brought forward of £300 do not need to be set against those gains, see CG18030. The losses of £300 will instead be carried forward and set against subsequent gains accruing on disposals of the settled property which derives from B, again making a just apportionment of the trust gains.

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