



Finance Act 2005

2005 CHAPTER 7

PART 2

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 4

TRUSTS WITH VULNERABLE BENEFICIARY

Capital gains tax

30 Qualifying trusts gains: special capital gains tax treatment

- (1) This section has effect in relation to a tax year if—
- (a) in the tax year chargeable gains accrue to the trustees of a settlement from the disposal of settled property which is held on qualifying trusts for the benefit of a vulnerable person (“the qualifying trusts gains”),
 - (b) the trustees would (apart from this Chapter) be chargeable to capital gains tax in respect of those gains,
 - ^{F1}(c) the trustees are resident in the United Kingdom during any part of the tax year, and]
 - (d) a claim for special tax treatment under this Chapter for the tax year is made by the trustees.

^{F2}(1A)

- (2) Special capital gains tax treatment applies for the tax year in accordance with—
- (a) section 31 (vulnerable person UK resident [^{F3}for] the tax year), or
 - (b) section 32 (vulnerable person non-UK resident [^{F3}for] the tax year).
- (3) But this section does not have effect in relation to the tax year if the vulnerable person dies during that year.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2005, Cross Heading: Capital gains tax. (See end of Document for details)

^{F4}(3A)

- (4) The reference in subsection (1)(a) to chargeable gains accruing to the trustees from the disposal of settled property includes a reference to chargeable gains treated as accruing to them under section 13 of TCGA 1992 (attribution of gains to members of non-resident companies).

^{F5}(5)

Textual Amendments

- F1** S. 30(1)(c) substituted (with effect in accordance with Sch. 46 para. 133(2) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), **Sch. 46 para. 133(1)**
- F2** S. 30(1A) omitted (with effect in accordance with Sch. 2 para. 22 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 2 para. 15**
- F3** Word in s. 30(2)(a)(b) substituted (17.7.2013) by [Finance Act 2013 \(c. 29\)](#), **Sch. 45 para. 151(3)(a)**
- F4** S. 30(3A) omitted (with effect in accordance with Sch. 2 para. 22 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 2 para. 15**
- F5** S. 30(5) omitted (17.7.2013) by virtue of [Finance Act 2013 \(c. 29\)](#), **Sch. 45 para. 151(3)(b)**

31 UK resident vulnerable persons: [^{F6}amount of relief]

- (1) Special capital gains tax treatment applies for the tax year in accordance with this section if the vulnerable person is UK resident [^{F7}for] the tax year.

[^{F8}(2) The trustees' liability to capital gains tax for the tax year is to be reduced by an amount equal to—

$$\text{AdjustedOldTaxValue} \times \frac{\text{NewAccountingValue}}{\text{AggregateNewAccountingValue}}$$

where—

TQTG is the amount of capital gains tax to which the trustees would (apart from this Chapter) be liable for the tax year in respect of the qualifying trust gains, and
 VQTG is the amount arrived at under subsection (3).

(3) That amount is—

$$\text{OldTaxValue} \times \frac{\text{NewAccountingValue}}{\text{AggregateNewAccountingValue}}$$

where—

TLVB is the total amount of capital gains tax to which the vulnerable person is liable for the tax year, and
 TLVA is what TLVB would be if the qualifying trust gains accrued to the vulnerable person (instead of to the trustees) and no allowable losses were deducted from the qualifying trust gains.]

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2005, Cross Heading: Capital gains tax. (See end of Document for details)

Textual Amendments

- F6** Words in s. 31 heading substituted (with effect in accordance with Sch. 2 para. 22 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 16\(3\)](#)
- F7** Word in s. 31(1) substituted (17.7.2013) by [Finance Act 2013 \(c. 29\)](#), [Sch. 45 para. 151\(4\)](#)
- F8** S. 31(2)(3) substituted (with effect in accordance with Sch. 2 para. 22 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 16\(2\)](#)

32 Non-UK resident vulnerable persons: amount of relief

- (1) Special capital gains tax treatment applies for the tax year in accordance with this section if the vulnerable person is non-UK resident [^{F9}for] the tax year.
- (2) The trustees' liability to capital gains tax for the tax year is to be reduced by an amount equal to—

TQTG – VQTG

where—

TQTG is the amount of capital gains tax to which the trustees would (apart from this Chapter) be liable for the tax year in respect of the qualifying trusts gains, and

[^{F10}VQTG is the amount arrived at under subsection (3).]

[^{F11}(3) That amount is—

PreviousDebits – PreviousCredits

where—

TLVB is the total amount of capital gains tax to which the vulnerable person would be liable for the tax year if the vulnerable person's taxable amount for the tax year ^{F12}... were equal to the vulnerable person's deemed CGT taxable amount for the tax year (if any), and

TLVA is what TLVB would be if the vulnerable person's taxable amount for the tax year ^{F12}... were equal to the aggregate of the vulnerable person's deemed CGT taxable amount for the tax year (if any) and the amount of the qualifying trust gains.

[For the purposes of this section “the vulnerable person’s taxable amount for the tax ^{F13}(3A) year” means the amount on which that person would be chargeable to capital gains tax for the tax year if no account were taken of section 1K of TCGA 1992.]

- (4) For the purposes of this section the vulnerable person's deemed CGT taxable amount for the tax year is to be determined in accordance with Schedule 1.]

Textual Amendments

- F9** Word in s. 32(1) substituted (17.7.2013) by [Finance Act 2013 \(c. 29\)](#), [Sch. 45 para. 151\(5\)](#)
- F10** Words in s. 32(2) substituted (with effect in accordance with Sch. 2 para. 22 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 17\(2\)](#)

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2005, Cross Heading: Capital gains tax. (See end of Document for details)

- F11** S. 32(3)(4) inserted (with effect in accordance with Sch. 2 para. 22 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 17\(3\)](#)
- F12** Words in s. 32(3) omitted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by virtue of [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 97\(2\)](#)
- F13** S. 32(3A) inserted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 97\(3\)](#)

F14³³ Vulnerable person's liability: VQTG

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Textual Amendments

- F14** S. 33 omitted (with effect in accordance with Sch. 2 para. 22 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 18](#)

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2005, Cross Heading:
Capital gains tax.