



# 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*

### **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 [<sup>F1</sup>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—

$$\text{TQTG} - \text{VQTG}$$

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

[<sup>F2</sup>VQTG is the amount arrived at under subsection (3). ]

[<sup>F3</sup>(3) That amount is—

**PreviousDebits – PreviousCredits**

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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2005, Section 32. (See end of Document for details)*

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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<sup>F4</sup>... 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<sup>F4</sup>... 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<sup>F5</sup>(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

- F1** Word in s. 32(1) substituted (17.7.2013) by [Finance Act 2013 \(c. 29\)](#), [Sch. 45 para. 151\(5\)](#)
- F2** 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\(2\)](#)
- F3** 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\(3\)](#)
- F4** 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\(2\)](#)
- F5** 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\(3\)](#)

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2005, Section 32.