

*Status: Point in time view as at 02/12/2019.*

**Changes to legislation:** Taxation of Chargeable Gains Act 1992, SCHEDULE 4C is up to date with all changes known to be in force on or before 07 August 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

## SCHEDULES

### [<sup>F1</sup>SCHEDULE 4C

#### TRANSFERS OF VALUE: ATTRIBUTION OF GAINS TO BENEFICIARIES

##### Textual Amendments

- F1** Sch. 4C inserted (with effect in accordance with s. 92(5) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), s. 92(4), [Sch. 26 Pt. 1](#)

##### Modifications etc. (not altering text)

- C1** Sch. 4C modified (21.7.2008) by [Finance Act 2008 \(c. 9\)](#), [Sch. 7 paras. 152-155](#)
- C2** Sch. 4C applied (with modifications) by [Income and Corporation Taxes Act 1988 \(c. 1\)](#), s. 762(3) (as substituted (with effect in accordance with [Sch. 7 para. 98](#) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 93\(3\)](#))
- C3** Sch. 4C applied (with modifications) (with effect in accordance with art. 1(2)(3), Sch. 1 of the affecting S.I.) by [The Offshore Funds \(Tax\) Regulations 2009 \(S.I. 2009/3001\)](#), regs. 1(1), [20\(3\)](#)

### [<sup>F2</sup>Introduction

##### Textual Amendments

- F2** Sch. 4C para. 1 and cross-heading substituted for Sch. 4C paras. 1, 2 (10.7.2003) by [Finance Act 2003 \(c. 14\)](#), [Sch. 29 para. 2](#) (with s. 163(4)-(6))

- 1 (1) This Schedule applies where the trustees of a settlement (“the transferor settlement”) make a transfer of value to which Schedule 4B applies (“the original transfer”).
- [<sup>F3</sup>(2) The transferor settlement is regarded for the purposes of this Schedule as having a “Schedule 4C pool”.
- (3) The Schedule 4C pool contains [<sup>F4</sup>the section 1(3) amounts] for the settlement that are outstanding at the end of the tax year in which the original transfer is made (see paragraph 1A).
- (3A) [<sup>F4</sup>The section 1(3) amount] for that tax year is increased by—
- the amount of Schedule 4B trust gains accruing by virtue of the original transfer (see paragraphs 3 to 7), and
  - the total amount of any further Schedule 4B trust gains accruing by virtue of any further transfers of value to which that Schedule applies that are made by the trustees in that tax year.]
- (4) Paragraphs 8 to 9 provide for the attribution of gains in a settlement’s Schedule 4C pool.

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- (5) References in this Schedule to a transfer to which Schedule 4B applies include any such transfer, whether or not any chargeable gain or allowable loss accrues under that Schedule by virtue of the transfer.]

#### Textual Amendments

- F3** Sch. 4C para. 1(2)-(3A) substituted for Sch. 4C para. 1(2)(3) (with effect in accordance with Sch. 7 para. 147 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 132](#) (with [Sch. 7 para. 155](#))
- F4** Words in [Sch. 4C](#) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 89\(2\)](#)

#### [<sup>F5</sup>Outstanding section 2(2) amounts

#### Textual Amendments

- F5** Sch. 4C para. 1A and cross-heading inserted (with effect in accordance with Sch. 7 para. 147 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 133](#) (with [Sch. 7 para. 155](#))

- 1A (1) The following steps are to be taken for the purpose of calculating [<sup>F4</sup>the section 1(3) amounts] for a settlement that are outstanding at the end of a tax year (“the relevant tax year”).

*Step 1*

Find [<sup>F4</sup>the section 1(3) amount] for the settlement for the relevant tax year and earlier tax years, as reduced under section 87A as it applies for the relevant tax year and earlier tax years.

*Step 2*

This Step applies if, [<sup>F6</sup>directly or indirectly] by virtue of the matching of [<sup>F4</sup>the section 1(3) amount] for the settlement for a tax year (“the applicable year”) with a capital payment, chargeable gains are treated under section 87[<sup>F7</sup>, 87K, 87L] or 89(2) as accruing in the relevant tax year to [<sup>F8</sup>an individual] who is not chargeable to tax for that year.

Increase [<sup>F4</sup>the section 1(3) amount] for the applicable year (found under Step 1) by the amount of the chargeable gains.

- (2) For the purposes of Step 1 of sub-paragraph (1) take into account the effect of section 90 in relation to any transfer of settled property from or to the trustees of the settlement made in or before the relevant tax year.
- (3) For the purposes of this Schedule [<sup>F9</sup>an individual] is “chargeable to tax” for a tax year if [<sup>F10</sup>, as respects that year, [<sup>F11</sup>the individual][<sup>F12</sup>is UK resident for the tax year (as determined in accordance with Chapter 1 of Part 1 of this Act)]]].

#### Textual Amendments

- F4** Words in [Sch. 4C](#) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 89\(2\)](#)
- F6** Words in Sch. 4C para. 1A(1) inserted (15.3.2018) by [Finance Act 2018 \(c. 3\)](#), [Sch. 10 para. 1\(9\)\(a\)\(i\)](#)

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- F7** Words in Sch. 4C para. 1A(1) inserted (15.3.2018) by [Finance Act 2018 \(c. 3\)](#), [Sch. 10 para. 1\(9\)\(a\)\(ii\)](#)
- F8** Words in Sch. 4C para. 1A(1) substituted (15.3.2018) by [Finance Act 2018 \(c. 3\)](#), [Sch. 10 para. 1\(9\)\(a\)\(iii\)](#)
- F9** Words in Sch. 4C para. 1A(3) substituted (15.3.2018) by [Finance Act 2018 \(c. 3\)](#), [Sch. 10 para. 1\(9\)\(b\)\(i\)](#)
- F10** Words in Sch. 4C para. 1A(3) substituted (with effect in accordance with Sch. 46 para. 112 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 107\(2\)](#)
- F11** Words in Sch. 4C para. 1A(3) substituted (15.3.2018) by [Finance Act 2018 \(c. 3\)](#), [Sch. 10 para. 1\(9\)\(b\)\(ii\)](#)
- F12** Words in [Sch. 4C para. 1A\(3\)](#) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 89\(3\)](#)

### *Computation of Schedule 4B trust gains*

- 3 (1) This paragraph explains what is meant for the purposes of this Schedule by “Schedule 4B trust gains”.
- (2) The Schedule 4B trust gains are computed in relation to each transfer of value to which that Schedule applies.
- (3) In relation to a transfer of value the amount of the Schedule 4B trust gains for the purposes of this Schedule is given by—

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where—

CA is the chargeable amount computed under paragraph 4 or 5 below,  
SG is the amount of any gains attributed to the settlor that fall to be deducted under paragraph 6 below, and  
AL is the amount of any allowable losses that may be deducted under paragraph 7 below.

### *Chargeable amount: non-resident settlement*

- 4 (1) If the transfer of value is made in a year of assessment during which the trustees of the transferor settlement are [<sup>F13</sup>at no time resident <sup>F14</sup>... in the United Kingdom] the chargeable amount is computed under this paragraph.
- (2) Where this paragraph applies the chargeable amount is the amount on which the trustees would have been chargeable to tax under [<sup>F15</sup>section 1(3)] by virtue of Schedule 4B if they had been [<sup>F16</sup>resident <sup>F17</sup>... in the United Kingdom] in the year [<sup>F18</sup>(and had made the disposals which Schedule 4B treats them as having made)].
- [<sup>F19</sup>(3) Where (apart from this sub-paragraph) the chargeable amount mentioned in sub-paragraph (2) would include a chargeable gain or allowable loss to which section 1A(3)(b) or (c) applies (disposals by non-UK residents within the charge to capital gains tax), so much of the gain or loss as would be so included is to be disregarded for the purposes of determining the chargeable amount.]

### **Textual Amendments**

- F13** Words in Sch. 4C para. 4(1) substituted (with effect in accordance with Sch. 12 para. 36(3) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 12 paras. 36\(1\)\(2\)\(b\)](#), 41

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- F14** Words in Sch. 4C para. 4(1) omitted (with effect in accordance with Sch. 46 para. 112 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 107\(3\)\(a\)](#)
- F15** Words in [Sch. 4C para. 4\(2\)](#) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 89\(4\)\(a\)](#)
- F16** Words in Sch. 4C para. 4(2) substituted (with effect in accordance with Sch. 12 para. 34(3) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 12 para. 34\(1\)\(2\)\(f\)](#)
- F17** Words in Sch. 4C para. 4(2) omitted (with effect in accordance with Sch. 46 para. 112 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 107\(3\)\(b\)](#)
- F18** Words in Sch. 4C para. 4(2) inserted (with effect in accordance with Sch. 7 para. 147 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 134](#) (with [Sch. 7 para. 155](#))
- F19** [Sch. 4C para. 4\(3\)](#) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 89\(4\)\(b\)](#)

### *Chargeable amount: dual resident settlement*

- 5 (1) If the transfer of value is made in a year of assessment where—
- (a) the trustees of the transferor settlement are [<sup>F20</sup>resident <sup>F21</sup>... in the United Kingdom during any part of the year], and
  - (b) at any time of [<sup>F22</sup>such residence <sup>F23</sup>...] they fall to be regarded for the purposes of any double taxation relief arrangements as resident in a territory outside the United Kingdom,
- the chargeable amount is computed under this paragraph.
- (2) Where this paragraph applies the chargeable amount is the lesser of—
- (a) the amount on which the trustees would be chargeable to tax under section 2(2) by virtue of Schedule 4B on the assumption that the double taxation relief arrangements did not apply [<sup>F24</sup>(and the disposals which Schedule 4B treats them as having made were made)], and
  - (b) the amount on which the trustees would be so chargeable to tax by virtue of disposals of protected assets.
- (3) For this purpose “protected assets” has the meaning given by section 88(4).

#### **Textual Amendments**

- F20** Words in Sch. 4C para. 5(1) substituted (with effect in accordance with Sch. 12 para. 35(3) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 12 paras. 35\(1\)\(a\)\(2\)\(c\)](#), 41
- F21** Words in Sch. 4C para. 5(1)(a) omitted (with effect in accordance with Sch. 46 para. 112 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 107\(4\)\(a\)](#)
- F22** Words in Sch. 4C para. 5(1) substituted (with effect in accordance with Sch. 12 para. 35(3) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 12 paras. 35\(1\)\(b\)\(2\)\(c\)](#), 41
- F23** Words in Sch. 4C para. 5(1)(b) omitted (with effect in accordance with Sch. 46 para. 112 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 107\(4\)\(b\)](#)
- F24** Words in Sch. 4C para. 5(2)(a) inserted (with effect in accordance with Sch. 7 para. 147 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 135](#) (with [Sch. 7 para. 155](#))

### *Gains attributed to settlor*

- 6 (1) For the purposes of this Schedule the chargeable amount in relation to a transfer of value shall be reduced by [<sup>F25</sup>the amount of any chargeable gains] arising by virtue of that transfer of value that—

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- (a) are by virtue of section 86(4) treated as accruing to the settlor, or
- (b) where [<sup>F26</sup>section 1M] applies, are treated by virtue of that section (as it has effect subject to paragraph 12 below) as accruing to the settlor in the [<sup>F27</sup>period of return].

<sup>F28</sup>(1A) .....

- (2) In determining for the purposes of sub-paragraph (1)(a) the amount of chargeable gains arising by virtue of a transfer of value that are treated as accruing to the settlor, there shall be disregarded any losses which arise otherwise than by virtue of Schedule 4B.

<sup>F29</sup>(3) .....

#### Textual Amendments

- F25** Words in Sch. 4C para. 6(1) substituted (with effect in accordance with Sch. 2 para. 56(3) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 47\(2\)](#)
- F26** Words in [Sch. 4C para. 6\(1\)\(b\)](#) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 1 para. 89\(5\)](#)
- F27** Words in Sch. 4C para. 6(1)(b) substituted (with effect in accordance with Sch. 45 para. 153(3) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 45 para. 123\(2\)](#)
- F28** Sch. 4C para. 6(1A) omitted (with effect in accordance with Sch. 2 para. 56(3) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 2 para. 47\(3\)](#)
- F29** Sch. 4C para. 6(3) 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. 9](#)

#### *Reduction for allowable losses*

- 7 (1) An allowable loss arising under Schedule 4B in relation to a transfer of value by the trustees of a settlement may be taken into account in accordance with this paragraph to reduce for the purposes of this Schedule the chargeable amount in relation to another transfer of value by those trustees.
- (2) Any such allowable loss goes first to reduce chargeable amounts arising from other transfers of value made in the same year of assessment.  
  
If there is more than one chargeable amount and the aggregate amount of the allowable losses is less than the aggregate of the chargeable amounts, each of the chargeable amounts is reduced proportionately.
- (3) If in any year of assessment the aggregate amount of the allowable losses exceeds the aggregate of the chargeable amounts, the excess shall be carried forward to the next year of assessment and treated for the purposes of this paragraph as if it were an allowable loss arising in relation to a transfer of value made in that year.
- (4) Any reduction of a chargeable amount under this paragraph is made after any deduction under paragraph 6.

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F30  
 .....

**Textual Amendments**

**F30** Sch. 4C para. 7A cross-heading omitted (with effect in accordance with Sch. 7 para. 147 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 136](#) (with [Sch. 7 para. 155](#))

F31 7A .....

**Textual Amendments**

**F31** Sch. 4C para. 7A omitted (with effect in accordance with Sch. 7 para. 147 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 136](#) (with [Sch. 7 para. 155](#))

*<sup>F32</sup>Gains to be brought into pool on subsequent transfer of value*

**Textual Amendments**

**F32** Sch. 4C paras. 7A, 7B and cross-headings inserted (10.7.2003) by [Finance Act 2003 \(c. 14\)](#), [Sch. 29 para. 3](#) (with [s. 163\(4\)-\(6\)](#))

- [<sup>F33</sup>7B (1) This paragraph applies if the trustees of the transferor settlement make a further transfer of value to which Schedule 4B applies in a tax year (“the year of the transfer”) after the tax year mentioned in paragraph 1(3).
- (2) If the settlement has a Schedule 4C pool at the beginning of the year of the transfer—
- (a) the section 2(2) amounts in the Schedule 4C pool are increased by the section 2(2) amounts for the settlement that are outstanding at the end of the year of the transfer, and
  - (b) the section 2(2) amount in the pool for the year of transfer is increased (or further increased) by the amount of Schedule 4B trust gains accruing by virtue of the further transfer.
- (3) If the settlement does not have a Schedule 4C pool at the beginning of the year of the transfer, this Schedule applies in relation to the further transfer as it applied in relation to the original transfer.
- (4) For the purposes of this paragraph a settlement has a Schedule 4C pool until the end of the tax year in which all section 2(2) amounts in the pool have been reduced to nil.]]

**Textual Amendments**

**F33** Sch. 4C para. 7B substituted (with effect in accordance with Sch. 7 para. 147 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 137](#) (with [Sch. 7 para. 155](#))

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### *[<sup>F34</sup>Attribution of Schedule 4C gains to beneficiaries*

#### **Textual Amendments**

**F34** Sch. 4C paras. 8, 8A-8C, 9 and cross-headings substituted for Sch. 4C paras. 8, 9 (10.7.2003) by [Finance Act 2003 \(c. 14\)](#), [Sch. 29 para. 4\(1\)](#) (with s. 163(4)-(6))

- [<sup>F35</sup>8 (1) Chargeable gains are treated as accruing in a tax year (“the relevant tax year”) to a beneficiary who has received a capital payment from the trustees of a relevant settlement in the relevant tax year or any earlier tax year if all or part of the capital payment is matched (under section 87A as it applies for the relevant tax year) with the section 2(2) amount in the Schedule 4C pool for the relevant tax year or any earlier tax year.
- (2) The amount of chargeable gains treated as accruing is equal to—
- (a) the amount of the capital payment, or
  - (b) if only part of the capital payment is matched, the amount of that part.
- (3) Section 87A applies for a tax year for the purposes of matching capital payments received from the trustees of a relevant settlement with section 2(2) amounts in the Schedule 4C pool as if—
- (a) references to section 2(2) amounts were to section 2(2) amounts in the Schedule 4C pool,
  - (b) references to a capital payment received from the trustees by a beneficiary were to a capital payment received from the trustees of a relevant settlement by a beneficiary who is chargeable to tax for that year, and
  - (c) for section 87A(3)(b) there were substituted—
    - “(b) all section 2(2) amounts in the Schedule 4C pool have been reduced to nil.”
- (4) Section 87A applies for a tax year by virtue of this paragraph before it applies for that year otherwise than by virtue of this paragraph; but this is subject to subparagraph (5).
- (5) If section 87A applies for a tax year by virtue of section 762(3) of the Taxes Act (offshore income gains), it applies for that year by virtue of that provision before it applies for that year by virtue of this paragraph.
- [<sup>F36</sup>(6) Sections 87G(2), 87K(2) and 87L(2) (capital payment treated for purposes of sections 87 and 87A as received by someone other than actual recipient) apply also for the purposes of this paragraph, but this is subject to paragraph 9.]]]

#### **Textual Amendments**

- F35** Sch. 4C para. 8 substituted (with effect in accordance with Sch. 7 para. 147 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 138](#) (with Sch. 7 paras. 148151(2)155)
- F36** Sch. 4C para. 8(6) inserted (15.3.2018) by [Finance Act 2018 \(c. 3\)](#), [Sch. 10 para. 1\(10\)](#)

### *[<sup>F34</sup>Relevant settlements*

- 8A (1) This paragraph specifies what settlements are relevant settlements in relation to a Schedule 4C pool.

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- (2) The transferor and transferee settlements in relation to the original transfer of value are relevant settlements.
- (3) If the trustees of any settlement that is a relevant settlement in relation to a Schedule 4C pool—
  - (a) make a transfer of value to which Schedule 4B applies, or
  - (b) make a transfer of settled property to which section 90 applies,
 any settlement that is a transferee settlement in relation to that transfer is also a relevant settlement in relation to that pool.
- (4) If the trustees of a settlement that is a relevant settlement in relation to a Schedule 4C pool make a transfer of value to which Schedule 4B applies, any other settlement that is a relevant settlement in relation to that pool is also a relevant settlement in relation to the Schedule 4C pool arising from the further transfer.]

**Modifications etc. (not altering text)**

C4 Sch. 4C para. 8A applied (21.7.2008) by [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 126\(4\)](#)

*[<sup>F37</sup> Attribution of gains: remittance basis*

**Textual Amendments**

F37 Sch. 4C para. 8AA and cross-heading inserted (with effect in accordance with Sch. 7 para. 147 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 139](#) (with [Sch. 7 para. 155](#))

8AA Section 87B (remittance basis) applies in relation to chargeable gains treated under paragraph 8 as accruing as it applies in relation to chargeable gains treated under section 87 as accruing.]

*F38* .....

**Textual Amendments**

F38 Sch. 4C para. 8B cross-heading omitted (with effect in accordance with Sch. 7 para. 147 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 140](#) (with [Sch. 7 para. 155](#))

<sup>F39</sup>8B .....

**Textual Amendments**

F39 Sch. 4C para. 8B omitted (with effect in accordance with Sch. 7 para. 147 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 7 para. 140](#) (with [Sch. 7 para. 155](#))

*[<sup>F34</sup> Attribution of gains: Schedule 4C pool gains and other gains*

<sup>F40</sup>8C .....



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### Textual Amendments

**F40** Sch. 4C para. 8C omitted (with effect in accordance with Sch. 7 para. 147 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 7 para. 140** (with [Sch. 7 para. 155](#))

### *[<sup>F41</sup> Attribution of gains: disregard of certain capital payments*

### Textual Amendments

**F41** Sch. 4C para. 9 and cross-heading substituted (with effect in accordance with Sch. 7 para. 147 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 7 para. 141** (with [Sch. 7 paras. 149155](#))

- 9
- (1) For the purposes of paragraph 8 (and section 87A as it applies for the purposes of that paragraph), no account is to be taken of a capital payment to which any of sub-paragraphs (2) to (4) applies (or a part of a capital payment to which sub-paragraph (4) applies).
  - (2) This sub-paragraph applies to a capital payment received before the tax year preceding the tax year in which the original transfer is made.
  - (3) This sub-paragraph applies to a capital payment that—
    - (a) is received by a beneficiary of a settlement from the trustees in a tax year during the whole of which the trustees—
      - (i) are resident <sup>F42</sup>... in the United Kingdom, and
      - (ii) are not Treaty non-resident,
    - (b) was made before any transfer of value to which Schedule 4B applies was made, and
    - (c) was not made in anticipation of the making of any such transfer of value or of chargeable gains accruing under that Schedule.
  - (4) This sub-paragraph applies to a capital payment if (and to the extent that) it is received (or treated as received) in a tax year from the trustees by a company that—
    - (a) is not resident in the United Kingdom in that year, and
    - (b) would be a close company if it were resident in the United Kingdom,(and is not treated under any of subsections (3) to (5) of section 96 as received by another person).]

### Textual Amendments

**F42** Words in Sch. 4C para. 9(3)(a)(i) omitted (with effect in accordance with Sch. 46 para. 112 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), **Sch. 46 para. 107(5)**

### *Residence of trustees from whom capital payment received*

- 10
- (1) Subject to [<sup>F43</sup>paragraph 9(3)], it is immaterial for the purposes of paragraph 8 that the trustees [<sup>F44</sup>of any relevant settlement] are or have at any time been [<sup>F45</sup>resident <sup>F46</sup>... in the United Kingdom].
  - <sup>F47</sup>(2) .....

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<sup>F48</sup>(3) .....

#### Textual Amendments

- F43** Words in Sch. 4C para. 10(1) substituted (with effect in accordance with Sch. 7 para. 147 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 7 para. 142(a)** (with [Sch. 7 para. 155](#))
- F44** Words in Sch. 4C para. 10(1) substituted (10.7.2003) by [Finance Act 2003 \(c. 14\)](#), **Sch. 29 para. 6(1)** (with [s. 163\(4\)-\(6\)](#))
- F45** Words in Sch. 4C para. 10(1) substituted (with effect in accordance with Sch. 12 para. 34(3) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), **Sch. 12 para. 34(1)(2)(f)**
- F46** Words in Sch. 4C para. 10(1) omitted (with effect in accordance with Sch. 46 para. 112 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), **Sch. 46 para. 107(6)**
- F47** Sch. 4C para. 10(2) omitted (with effect in accordance with Sch. 7 para. 147 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 7 para. 142(b)** (with [Sch. 7 para. 155](#))
- F48** Sch. 4C para. 10(3) omitted (with effect in accordance with Sch. 7 para. 147 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 7 para. 142(b)** (with [Sch. 7 para. 155](#))

#### *Taper relief*

<sup>F49</sup>11 .....

#### Textual Amendments

- F49** Sch. 4C para. 11 omitted (with effect in accordance with Sch. 2 para. 56(3) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 2 para. 48**

#### *Attribution of gains to settlor in <sup>F50</sup>section 1M] cases*

#### Textual Amendments

- F50** Words in [Sch. 4C para. 12 cross-heading](#) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), **Sch. 1 para. 89(6)**

- 12 <sup>F51</sup>(1) This paragraph applies if—
- <sup>F52</sup>(a) by virtue of <sup>F53</sup>section 1M], an amount of chargeable gains within section 86(1)(e) that accrued in a tax year (“year A”) to the trustees of a settlement would be treated as accruing to a person (“the settlor”) in the period of return, and]
  - (b) after paragraph 8 has applied for the year of return, <sup>F4</sup>the section 1(3) amount] for <sup>F54</sup>year A] that is in the Schedule 4C pool for the settlement is less than the amount mentioned in paragraph (a).
- (2) The amount of chargeable gains treated as mentioned in sub-paragraph (1)(a) as accruing to the settlor in the <sup>F55</sup>period of return] is limited to <sup>F4</sup>the section 1(3) amount] referred to in sub-paragraph (1)(b).]
- (4) Where the property comprised in the transferor settlement has at any time included property not originating from the settlor, only so much (if any) of any capital payment taken into account for the purposes of paragraph 8 above as, on a just and reasonable

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apportionment, is properly referable to property originating from the settlor shall be taken into account in computing the amount charged to beneficiaries.

- (5) Expressions used in this paragraph and [F56section 1M] have the same meanings in this paragraph as in that section; and paragraph 8 of Schedule 5 shall apply for the construction of the references in sub-paragraph (4) above to property originating from the settlor as it applies for the purposes of that Schedule.

#### Textual Amendments

- F4** Words in Sch. 4C substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by Finance Act 2019 (c. 1), Sch. 1 para. 89(2)
- F51** Sch. 4C para. 12(1)(2) substituted for Sch. 4C para. 12(1)-(3) (with effect in accordance with Sch. 7 para. 147 of the amending Act) by Finance Act 2008 (c. 9), Sch. 7 para. 143(2) (with Sch. 7 para. 155)
- F52** Sch. 4C para. 12(1)(a) substituted (with effect in accordance with Sch. 45 para. 153(3) of the amending Act) by Finance Act 2013 (c. 29), Sch. 45 para. 123(3)(a)
- F53** Words in Sch. 4C para. 12(1)(a) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by Finance Act 2019 (c. 1), Sch. 1 para. 89(6)
- F54** Words in Sch. 4C para. 12(1)(b) substituted (with effect in accordance with Sch. 45 para. 153(3) of the amending Act) by Finance Act 2013 (c. 29), Sch. 45 para. 123(3)(b)
- F55** Words in Sch. 4C para. 12(2) substituted (with effect in accordance with Sch. 45 para. 153(3) of the amending Act) by Finance Act 2013 (c. 29), Sch. 45 para. 123(4)
- F56** Words in Sch. 4C para. 12(5) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by Finance Act 2019 (c. 1), Sch. 1 para. 89(6)

#### [F57 Attribution of gains to beneficiaries in [F58section 1M] cases

#### Textual Amendments

- F57** Sch. 4C para. 12A and cross-heading inserted (10.7.2003) by Finance Act 2003 (c. 14), Sch. 29 para. 4(2) (with s. 163(4)-(6))
- F58** Words in Sch. 4C para. 12A cross-heading substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by Finance Act 2019 (c. 1), Sch. 1 para. 89(7)

- 12A (1) This paragraph applies where by virtue of [F59section 1M] an amount of gains would (apart from this Schedule) be treated under section 87 as accruing to a person (“the beneficiary”) in the [F60period of return] by virtue of a capital payment made to him in [F61the temporary period of non-residence].
- (2) Where this paragraph applies, a capital payment equal to so much of that capital payment as exceeds the amount otherwise charged shall be deemed for the purposes of this Schedule to be made to the beneficiary in the year of return.
- (3) The “amount otherwise charged” means the total of any chargeable gains attributed to the beneficiary under section [F6287(2)] or 89(2) by virtue of the capital payment.
- (4) For the purposes of paragraph 13(5)(b) a deemed capital payment under this paragraph shall be treated as made when the actual capital payment mentioned in sub-paragraph (1) above was made.
- (5) Expressions used in this paragraph and [F63section 1M] have the same meanings in this paragraph as in that section.]

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### Textual Amendments

- F59** Words in [Sch. 4C para. 12A\(1\)](#) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\), Sch. 1 para. 89\(7\)](#)
- F60** Words in Sch. 4C para. 12A(1) substituted (with effect in accordance with Sch. 45 para. 153(3) of the amending Act) by [Finance Act 2013 \(c. 29\), Sch. 45 para. 123\(5\)\(a\)](#)
- F61** Words in Sch. 4C para. 12A(1) substituted (with effect in accordance with Sch. 45 para. 153(3) of the amending Act) by [Finance Act 2013 \(c. 29\), Sch. 45 para. 123\(5\)\(b\)](#)
- F62** Word in Sch. 4C para. 12A(3) substituted (with effect in accordance with Sch. 7 para. 147 of the amending Act) by [Finance Act 2008 \(c. 9\), Sch. 7 para. 144](#) (with [Sch. 7 para. 155](#))
- F63** Words in [Sch. 4C para. 12A\(5\)](#) substituted (with effect in accordance with Sch. 1 paras. 120, 123 of the amending Act) by [Finance Act 2019 \(c. 1\), Sch. 1 para. 89\(7\)](#)

### *Increase in tax payable under this Schedule*

- 13 <sup>F64</sup>(1) This paragraph applies if—
- (a) chargeable gains are treated under paragraph 8 as accruing to a beneficiary by virtue of the matching (under section 87A) of all or part of a capital payment with the section 2(2) amount for a tax year (“the relevant tax year”), and
  - (b) the beneficiary is charged to tax by virtue of the matching.
- (1A) Where part of a capital payment is matched, references in sub-paragraphs (2) and (3) to the capital payment are to the part matched.]
- (2) The tax payable by the beneficiary in respect of the payment shall be increased by the amount found under sub-paragraph (3) below, except that it shall not be increased beyond the amount of the payment; and an assessment may charge tax accordingly.
  - (3) The amount is one equal to the interest that would be yielded if an amount equal to the tax which would be payable by the beneficiary in respect of the payment (apart from this paragraph) carried interest for the chargeable period at the specified rate.  
 The “specified rate” means the rate for the time being specified in section 91(3).
  - (4) The chargeable period is the period which—
    - (a) begins with the later of the 2 days specified in sub-paragraph (5) below, and
    - (b) ends with 30th November in the year of assessment following that in which the capital payment is made.
  - (5) The 2 days are—
    - (a) 1st December in the <sup>F65</sup>tax year immediately after the relevant tax year,] and
    - (b) 1st December falling 6 years before 1st December in the year of assessment following that in which the capital payment is made.

### Textual Amendments

- F64** Sch. 4C para. 13(1)(1A) substituted for Sch. 4C para. 13(1) (with effect in accordance with Sch. 7 para. 147 of the amending Act) by [Finance Act 2008 \(c. 9\), Sch. 7 para. 145\(2\)](#) (with [Sch. 7 para. 155](#))
- F65** Words in Sch. 4C para. 13(5)(a) substituted (with effect in accordance with Sch. 7 para. 147 of the amending Act) by [Finance Act 2008 \(c. 9\), Sch. 7 para. 145\(3\)](#) (with [Sch. 7 para. 155](#))

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*[<sup>F66</sup>Effect of settlement ceasing to exist after transfer of value*

**Textual Amendments**

**F66** Sch. 4C para. 13A and cross-heading inserted (10.7.2003) by [Finance Act 2003 \(c. 14\)](#), [Sch. 29 para. 6\(4\)](#) (with s. 163(4)-(6))

- 13A Where a settlement ceases to exist after the trustees have made a transfer of value to which Schedule 4B applies, this Schedule has effect as if a year of assessment had ended immediately before the settlement ceased to exist.]

*Interpretation*

- 14 (1) In this Schedule—
- (a) “transfer of value” has the same meaning as in Schedule 4B; and
  - (b) references to the time at which a transfer of value was made are to the time which is the material time for the purposes of that Schedule.
- (2) In this Schedule, in relation to a transfer of value—
- (a) references to the transferor settlement are to the settlement the trustees of which made the transfer of value; and
  - (b) references to a transferee settlement are to any settlement of which the settled property includes property representing, directly or indirectly, the proceeds of the transfer of value.
- (3) References in this Schedule to beneficiaries of a settlement include—
- (a) persons who have ceased to be beneficiaries by the time the chargeable gains accrue, and
  - (b) persons who were beneficiaries of the settlement before it ceased to exist, but who were beneficiaries of the settlement at a time in a previous year of assessment when a capital payment was made to them.]

**Status:**

Point in time view as at 02/12/2019.

**Changes to legislation:**

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