



Taxation of Chargeable Gains Act 1992

1992 CHAPTER 12

PART III

INDIVIDUALS, PARTNERSHIPS, TRUSTS AND COLLECTIVE INVESTMENT SCHEMES ^[F1]ETC

^[F1]CHAPTER 5

CARRIED INTEREST

^[F1] **Deemed accrual of loss where carried interest never arises**

^{F2}103KFD

- (1) Subsection (3) applies where—
 - (a) an individual has made an election under section 103KFA,
 - (b) the individual has accrued a chargeable gain treated as accruing under section 103KFA(3), and
 - (c) the conditions in subsection (2) are met.
- (2) Those conditions are that—
 - (a) all, or substantially all, of the investments of the relevant scheme have been disposed of,
 - (b) the amount of carried interest that has arisen to the individual in respect of the relevant scheme since the beginning of the first tax year in which a gain is treated as accruing under section 103KFA(3) is less than the sum of chargeable gains treated as accruing to the individual under that section, and
 - (c) no further amount of carried interest can reasonably be expected to arise to the individual under arrangements with the relevant scheme.
- (3) The individual is to be treated as accruing a loss immediately before the end of the tax year in which the conditions in subsection (2) are first met.
- (4) The amount of that loss is the amount given by subtracting—

Changes to legislation: *Taxation of Chargeable Gains Act 1992, Section 103KFD is up to date with all changes known to be in force on or before 18 July 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) View outstanding changes*

- (a) the amount of carried interest that arose to the individual in respect of the relevant scheme since the beginning of the first tax year in which a gain is treated as accruing under section [103KFA\(3\)](#), from
 - (b) the sum of the chargeable gains that have accrued under section [103KFA\(3\)](#) (including any gain that accrues in respect of the tax year in which the loss accrues).
- (5) Where a loss has accrued to an individual as a result of [subsection \(3\)](#)—
- (a) [section 103KFA\(3\)](#) does not apply (in relation to the individual and the relevant scheme) for any tax year after the tax year in which the loss accrued, and
 - (b) if carried interest arises to the individual in respect of the relevant scheme after the loss accrued, the individual may not make a claim under [section 103KFC\(3\)](#) in respect of tax charged in relation to it.]]

Textual Amendments

- F1** Pt. 3 Ch. 5 inserted (with effect in accordance with s. 43(2)-(4) of the amending Act) by [Finance \(No. 2\) Act 2015 \(c. 33\), s. 43\(1\)](#)
- F2** Ss. 103KFA-103KFE inserted (with effect for the tax year 2022-23 and subsequent tax years) by [Finance \(No. 2\) Act 2023 \(c. 30\), s. 42\(2\)\(4\)](#)

Changes to legislation:

Taxation of Chargeable Gains Act 1992, Section 103KFD is up to date with all changes known to be in force on or before 18 July 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.

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Act applied by [1997 c. 16 Sch. 12 para. 12\(7\)](#)[1314](#)
- Act applied by [2002 c. 23 Sch. 16 para. 48\(1\)](#)[\(2\)](#)
- Act construed as one with reg. 37 by [S.I. 2006/575 reg. 37\(2\)](#)
- Act construed as one with reg. 38 by [S.I. 2006/575 reg. 38\(3\)](#)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 4(10)(11) inserted by [2016 c. 11 s. 15\(4\)](#)
- s. 4(10) words inserted by [2016 c. 24 s. 83\(11\)](#)
- s. 35(3)(d)(xviii) added by [2008 c. 17 Sch. 7 para. 9](#)
- s. 35(3)(d)(xviii) inserted by [2008 c. 18 Sch. 13 para. 46](#)
- s. 35(3)(d)(xviii) repealed by [S.I. 2008/3002 Sch. 1 para. 42](#)[Sch. 3](#) (This amendment comes into force on the day 2008 c. 4, s. 5 comes into force, see art. 1(2). That provision was brought into force on 1.12.2008 by S.I. 2008/3068, art. 2(1)(b))
- s. 104(4)(b)(i) words substituted by S.I. 1989/469, reg. 27(2) (as amended) by [S.I. 1997/1716 reg. 13\(1\)\(b\)](#)
- s. 107(11) words substituted by S.I. 1989/469, reg. 27(2A) (as amended) by [S.I. 1997/1716 reg. 13\(2\)\(b\)](#)
- s. 169S(4A) inserted by [2015 c. 11 s. 43\(2\)](#)
- s. 587B inserted by [2000 c. 17 s. 43\(1\)](#)
- Sch. 5C para. 3(1) modified by [S.I. 2004/2199 reg. 7\(1\)](#)
- Sch. 5C para. 3(6) modified by [S.I. 2004/2199 reg. 7\(2\)](#)
- Sch. 5C para. 5(1) modified by [S.I. 2004/2199 reg. 7\(3\)](#)
- Sch. 5C para. 3 words inserted by [S.I. 2005/3229 reg. 128](#)
- Sch. 5C para. 5 words inserted by [S.I. 2005/3229 reg. 128](#)
- Sch. 5C para. 6 words inserted by [S.I. 2005/3229 reg. 128](#)
- Sch. 5C para. 3(1)(f) words substituted by [2007 c. 3 Sch. 1 para. 347](#)