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DRAFT STATUTORY INSTRUMENTS

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**2009 No.**

**The Offshore Funds (Tax) Regulations 2009**

**PART 2**

**THE TREATMENT OF PARTICIPANTS IN NON-REPORTING FUNDS**

**CHAPTER 5**

**OFFSHORE INCOME GAINS AND THE COMPUTATION OF OFFSHORE INCOME GAINS**

**Earlier disposal to which the no gain/no loss basis applies**

- 40.**—(1) This regulation applies if—
- (a) a participant is chargeable to corporation tax, and
  - (b) the amount of any chargeable gain or allowable loss which would arise on the disposal would fall to be computed in a way which, in whole or in part, would take account of the indexation allowance on an earlier disposal to which section 56(2) of TCGA 1992<sup>(1)</sup> (disposals on a no gain/no loss basis) applies.
- (2) The basic gain on the disposal is computed as if—
- (a) no indexation allowance had been available on any such earlier disposal, and
  - (b) subject to that, neither a gain nor a loss had arisen to the person making such an earlier disposal.

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<sup>(1)</sup> Section 56(2) was amended by section 93(5) of the Finance Act 1994 (c. 9).