

Personal taxation

R03: 2020–21 edition

Web update 1: 18 August 2020

Please note the following updates to your copy of the R03 study text:

Chapter 1, section H2, page 1/26

In this section, the paragraph beneath the 'Refer to' box should be replaced with:

If there is a chargeable gain under a life assurance policy, the situation is quite complicated. The full gain is initially included in the calculation of adjusted net income, but only the top-sliced gain is used in calculating the amount of top-slicing relief.

Chapter 1, section K4B, example 1.20, page 1/42

In part 2 of the example, the paragraph above the R185 table should read:

Note that there is no tax credit available for the tax paid by the trustees on the trust expenses (i.e. $£152 \times 20/80 = £38$). Therefore, while the tax paid by the trustees is £2,400 (£2,100 + £300), the tax credit available to the beneficiary is $£2,400 - £38 = £2,362$.

Chapter 10, section G2G, page 10/19

In this section, the second bullet point on the page should read (amendment in **bold**):

- Silver won her case in the First-tier Tribunal (Tax), and the Government has therefore legislated (for gains occurring on or after 11 March 2020) to the effect that only the top-sliced gain need be included when calculating **the amount of personal allowance, which is available when calculating tax on the annual equivalent of the gain in step 4 of the top-slicing relief computation.**