

Step 1
Calculate income referable to BLAGAB

LAM03060: FA12/S74 definition of income

Principal income sources are generally loan relationships and derivatives taxed as non-trading loan relationships on a mark to market basis and property business profits (property business is taxed as a separate business)

Income from equities - dividends mostly exempt

Step 2
Calculate/identify net chargeable gains referable to BLAGAB

LAM03200: FA12/S75 total long-term business chargeable gains as adjusted for allowable losses

Realisation basis for equities, property and other investments which are chargeable assets. Annual deemed disposal rules for collective investment vehicles e.g. authorised unit trusts and Open ended investment companies (OEICs), but excluding bond funds
LAM03300

Special rules for transfers within the life company between 'boxes' and for transfers to and from a life company within a group
LAM03220

Step 3
Identify additional 'deemed' receipts and any minimum profits charge

LAM03500: FA12/S92 - certain receipts included in the calculation of BLAGAB trade profits but not already included at steps 1 or 2.

LAM03510: FA12/S93-94 I-E adjustment for minimum profits test

Step 4
Add results of steps 1-3, deduct any non-trading deficit - result is 'I'

LAM03520: CTA09/S388 loan relationship and derivative contracts deficit of the period referable to BLAGAB.

Result cannot be negative. After 15 September 2016, the amount of the non-trading deficit that can be deducted is limited to the total of Step 1 plus Step 2 and S92 amount.