

**Example of the Advantage of Transferring an Asset between Husband and Wife before  
5 April 2008**

Mrs A bought an asset for £20,000 in March 1984, which was sold in May 2008 for £60,000.

**The Chargeable Gain if no Transfer to Her Husband**

Sale proceeds	£60,000
Less Cost	<u>£20,000</u>
Chargeable Gain	<u>£40,000</u>

**If Asset Transferred to Her Husband in March 2008 and Sold in May 2008**

Deemed Consideration for Mrs A

	Cost £20,000
Plus Indexation Allowance between March 1984 and March 1998	
	$£20,000 \times 0.838 = \underline{£16,760}$
	<u>£36,760</u>

There is no chargeable gain on Mrs A

Chargeable Gain on Mr A

	Proceeds £60,000
	Less deemed Cost <u>£36,760</u>
	Chargeable Gain <u>£23,240</u>

Note the reduction in the chargeable gain is (£40,000 - £23,240) £16,760 or the value of the indexation allowance.