HMRC internal manual

Cryptoassets Manual

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CRYPTO22251 - Cryptoassets for individuals: Capital Gains Tax: pooling examples: example 1 - basic section 104 pool disposal

This example provides a basic insight into how a section 104 pool operates.

Victoria bought 100 token A for £1,000. On 18 September 20XX Victoria bought a further 50 token A for £125,000. Victoria is treated as having a single section 104 pool of 150 of token A and total allowable costs of £126,000:

Date	Quantity of token A	Pooled allowable costs
Opening balance	100	£1,000
18/09/20XX	+50	+£125,000

Date	Quantity of token A	Pooled allowable costs
Closing balance	150	£126,000

On 1 December 20XX Victoria sells 50 of her token A for £300,000. Victoria will be allowed to deduct a proportion of the pooled allowable costs when working out her gain:

Consideration	**£300,000**	
Less allowable costs	£126,000 x (50 / 150)	(£42,000)
Gain	£258,000	

Victoria will have a gain of £258,000 and she will need to pay Capital Gains Tax on this. After the sale, Victoria will be treated as having a single section 104 pool of 100 token A and total allowable costs of £84,000:

Date	Quantity of token A	Pooled allowable costs
Opening balance	150	£126,000
01/12/20XX	(50)	(£42,000)
Closing balance	100	£84,000

If Victoria then sold all 100 of her remaining token A then she can deduct all £84,000 of the allowable costs when working out her gain/loss.

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