HMRC internal manual

Cryptoassets Manual

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CRYPTO61676 - Decentralised Finance: Lending and staking: Chargeable Gains: Examples: Example 6: borrower satisfies the loan

Paula loaned 500 tokens to Glyn for 12 months. The loan agreement included that Paula would receive a 5% rate of return on the loan.

On 20/05/20XX, Glyn transferred 525 tokens to Paula to satisfy the terms of the loan. The tokens had a pooled acquisition cost of £5,250. At that time of the transfer to satisfy the loan, the tokens had a market value of £12 each.

Glyn's Chargeable Gains (CG) computation will be as follows:

.	.	£
Consideration	525 x £12	6,300

.	.	£
Allowable costs	S104 - £5,250 x 525 / 525	(5,250)
Gain	.	1,050

Glyn’s section 104 pool will be adjusted as follows:

Date	Quantity of tokens	Allowable costs (£)
Opening balance	525	5,250
20/05/20XX	(525)	(5,250)
Closing balance	0	0

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