HM Revenue & Customs

Statement of income from trust

Trustees may use this form to tell the beneficiary about their income payments or entitlement from the trust.
Do not include any income shown on this form on form R185(Settlor) 'Statement of trust income chargeable on settlor' that you give to another person.

Settlor-interested trusts – income arising to the trust
Income arising to the trust is taxable on the settlor so you should include that income on form R185(Settlor). Do not include it here. For interest in possession trusts, income arising to the trust belongs to the beneficiary, but the beneficiary is not taxed on that income if it's treated as that of the settlor. You should include that income on form R185(Settlor) and not on this form.

Settlor-interested trusts – discretionary income payments
Discretionary income paid to the settlor is not taxable on the settlor because the settlor has already been taxed on the income as it arose. Do not include it here or on any form R185(Settlor). Discretionary income paid to a beneficiary who is not the settlor is taxable on the beneficiary under special rules. Include that income here, unless the payment is made to the minor child of the settlor. For payments to the settlor's minor children see R185(Settlor).

Notes for beneficiaries are included on page 1 and 2 of this form. For annuities and other annual payments, use form R185 instead.

The beneficiary's income or entitlement for the year ended 5 April 2 0 _ _ is shown on page 2 and 3 of this form.

The beneficiary

Full name of beneficiary

Address

Postcode

The trust

Full name of trust

Unique Taxpayer Reference (UTR) of trust

Trust agent's or solicitor's reference

Notes for beneficiaries

Keep this form and refer to it if you're completing a tax return or claiming a tax repayment.

If you need to complete a tax return, copy the amounts of income from boxes 1 to 5 to the corresponding boxes on the SA107 'Trusts etc' pages of the tax return. Do not send us this R185(Trust Income) unless we ask you to.

Box 2 If the trustees have made an entry in box 2, copy this amount to box 2 on the SA107 'Trusts etc.' pages. This amount is treated as taxed and there will be no further tax to pay on this income.

Box 3 Read the notes to box 3 if the income in this box includes gross trading income (other than from a partnership) of £1,000 or less and/or UK property income (before expenses) of £1,000 or less, or if your share of allowable expenses deducted are less than £1,000. For more information go to www.gov.uk/guidance/tax-free-allowances-on-property-and-trading-income. If you want to claim the trading and property allowances, you'll need to obtain the following additional information from the trustees:

i. the net amount after tax taken off in box 3 relating to eligible trading income and/or UK property income
ii. the tax amount
iii. the gross income (before deducting any expenses)
iv. your share of allowable expenses deducted

You claim the allowances instead of deducting any expenses (including mortgage interest) by entering on page TR3 of the tax return (SA100), the gross amount of the trading income and UK property income in box 17, the allowance (of up to £1,000 for property income and up to £1,000 for trading income) in box 18, the tax amount in box 19 and make a note of the type of income in box 21. The amount of the allowance claimed in box 18 must take into account other trading income or property income allowance amounts reported on the self-employment, UK property and foreign pages of the tax return. Do not include the net amount after tax taken off and tax amount, relating to this trading or UK property income, in the boxes on the SA107 Trust pages of the tax return. Any remaining amount of other non-savings income should still be included in box 3 net of expenses and tax. If box 3 includes UK property income, read the notes for box 25.

Notes for beneficiaries continued

Box 4 In the second line trustees show the tax that has been paid by them on the savings income. You'll get a credit for that. From 6 April 2016 most individuals have a Personal Savings Allowance of up to £1,000 and may not pay tax on savings interest below that amount.

Box 5 In the second line trustees show the tax that has been paid by them on the dividend income. You'll get a credit for that. From 6 April 2018 individuals have a Dividend Allowance of £2,000 which means there is no tax to pay on the first £2,000 of dividend income.

Box 6 Include this income in the pages of your tax return dealing with that particular type of income, not the SA107 'Trusts etc.' pages. For example, if the income is rent, include it in the SA105 'UK Property' pages.

Box 7 If you're resident in the UK, include this information on the SA106 'Foreign' pages of your tax return, not the SA107 'Trusts' pages (and claim the property income allowance against this income, if relevant). The notes for box 7 on page 3 show which columns on the SA106 'Foreign' pages to use.

Box 8 Include this amount in the scrip dividends boxes of the main tax return, not the SA107 'Trusts etc.' pages.

Box 25 The cost of getting a loan or alternative finance to buy a property that is let, and any interest on those loans and alternative finance is restricted for residential let properties. From 6 April 2020 no residential financial costs are allowed as a deduction for each property business. If you receive residential property income from a non-discretionary trust you can claim a tax reduction. Ask the trustees to provide you with a completed working sheet to enable you to calculate the reduction. You cannot claim this tax reduction if you're claiming the property income allowance. For more information go to www.gov.uk/guidance/changes-to-tax-relief-for-residential-landlords-how-its-worked-out-including-case-studies

Box 25.1 Put any unused residential finance costs brought forward from previous years in this box.

Box 42 Include this income in box 42 of the SA106.

If you need to claim a tax repayment, copy the figures at boxes 1 to 8 to the boxes on the R40 'Claim for repayment of tax deducted from savings and investments' as follows:

- box 1 to boxes 4.2 and 4.3 on the R40
- box 2 to box 4.10 on the R40
- box 3 to boxes 4.4 and 4.5 on the R40 - read the notes on claiming the trading and property allowance below if the income in box 3 includes gross trading income (other than from a partnership) of £1,000 or less and/or UK property income (before expenses) of £1,000 or less, or if your share of allowable expenses deducted are less than £1,000
- box 4 to boxes 4.6 and 4.7 on the R40
- box 5 to boxes 4.8 and 4.9 on the R40
- box 6 to box 3.4 and/or box 7.4 on the R40, as appropriate
- box 7 to boxes 6.1 to 6.12 on the R40, as appropriate - if you're claiming the property income allowance against this income, include the amount of the allowance in box 6.6 instead of deducting any expenses
- box 8 to box 3.7 on the R40

Claiming the trading and property allowances

If you decide to claim the allowances instead of expenses, you'll need additional information. Read the notes to box 3. When completing R40 enter the gross amount of the trading income and UK property income less the allowance (of up to £1,000 across all UK and foreign property income and up to £1,000 for trading income) in box 7.4, the tax amount in box 7.5 and make a note of the type of income in box 7.6. Do not include the net amount after tax taken off and tax amount of this trading or UK property income, in boxes 4.4 and 4.5 on the R40, but any remaining amounts of non-savings income and tax paid should still be included in boxes 4.4 and 4.5. For more information on how to complete the R40 go to www.gov.uk 'R40 Notes'. For more information on the trading and property income allowance, go to www.gov.uk/guidance/tax-free-allowances-on-property-and-trading-income

Discretionary income payment from a trust

1 **Net payments from non-settlor-interested UK resident trusts (excluding box 2 income), after tax taken off**
- enter the actual amount paid - enter the amount of tax treated as deducted at the trust rate in the box below (for details of how to calculate the tax credit, go to www.gov.uk/trusts-taxes/trusts-and-income-tax)

£ _ _ _ _ _ _ _ _ . _ _

Tax credit at the trust rate on box 1 payment

£ _ _ _ _ _ _ _ _ . _ _

2 **Total payments from settlor-interested trusts**
- if the trust is settlor-interested (that is, the settlor or settlor's spouse or civil partner retains an interest in the trust), use box 2 to show payments to a beneficiary other than the settlor (these payments form part of the non-settlor beneficiary's taxable income) - enter the actual amount of the payment in box 2 (do not gross it up and do not include payments to the settlor)

£ _ _ _ _ _ _ _ _ . _ _

Non-discretionary income entitlement from a trust

3 **Net amount of non-savings income taxed at basic rate** - after tax taken off (this includes rental income, it does not include interest or dividend income)

£ .

Tax paid on box 3 income

£ .

4 **Net amount of savings income taxed at basic rate** - after tax taken off (this includes bank or building society interest)

£ .

Tax paid on box 4 income

£ .

5 **Net amount of income taxed at dividend rate** - after tax taken off (this includes dividends from UK companies)

£ .

Tax paid on box 5 income

£ .

6 **Untaxed income** - on a separate sheet of paper, tell the beneficiary what type of income this is

£ .

7 **Foreign income** - the taxable amount is the total of the net amount, plus UK tax paid, foreign tax paid and any foreign dividend tax credit that may be due (on a separate sheet of paper tell the beneficiary what type of income this is)
Gross amount of income before deducting any UK, foreign or special withholding tax

£ .

Copy this figure to column B on the SA106 'Foreign' pages. To claim the tax reduction for disallowable finance costs on foreign property income, copy this figure to box 24 of the SA106 and ask the trustees to provide you with the total allowable finance costs (for box 17 SA106), the disallowed finance costs (for box 24.1 SA106) and the unused residential finance costs brought forward from previous years (for box 24.2 SA106). In box 14 put the total property income, plus the amount in box 17.

Foreign tax paid on foreign income - foreign tax is the lower of the foreign tax actually withheld and the amount of tax credit allowed under the terms of a Double Taxation Agreement

£ .

Copy this figure to column C on the SA106 'Foreign' pages

UK tax paid on foreign income - including any special withholding tax paid

£ .

Copy this figure to column D on the SA106 'Foreign' pages

8 **Stock or scrip dividends – dividend paid**

£ .

Notional tax on box 8 income

£ .

25 **Residential property income** - amount of residential property income or restricted finance costs for calculating relief for residential finance costs (use working sheet in the SA107 notes)

£ .

25.1 **Unused residential finance costs brought forward from previous years**

£ .

42 **Settlement benefit charge** - if the beneficiary is a close family member of the settlor of a non-resident trust, and they received, or are treated as having received a benefit from the trust, or are the recipient of an onward gift then the value of the payment benefit received should be entered here, so far as it can be matched to the available protected income

£ .

Declaration

Signature and date

I confirm that the information given on this form is correct.

Signature of trustee

Date DD MM YYYY