

Trust and Estate Tax Calculation Guide For the year ended 5 April 2019 (2018–19)

How to calculate the trust's or estate's tax

Use this guide to work out the trust's or estate's tax and to check any calculation we send to you.

If you ask us to calculate the trust's or estate's tax, the completed paper Trust and Estate Tax Return must reach us by 31 October 2019.

If you complete a paper Trust and Estate Tax Return you must make sure that this reaches us by 31 October 2019. If your paper Trust and Estate Tax Return reaches us after this date, we'll charge you an automatic penalty of £100.

If we receive the paper Trust and Estate Tax Return after 31 October 2019 and you have not worked out the tax, we'll do it for you but we cannot guarantee to tell you what to pay by 31 January 2020.

So if you do not know what tax to pay, make an estimate and pay that by 31 January 2020. Remember, if you do not pay enough, you'll have to pay interest and possibly a late payment penalty.

You can file online even if we've sent you a paper Trust and Estate Tax Return. If you file online, you have until 31 January 2020 to file your tax return. You can use our Self Assessment Online service to file the tax return over the internet using third party commercial software. If you file online, your calculations are done for you and you'll receive an instant on-screen acknowledgement that we've received your tax return. Go to www.gov.uk/how-to-send-self-assessment-online for information about filing online.

If we receive your online tax return after 31 January 2020 then you'll be charged an automatic penalty of £100.

Whichever method you use to file your Trust and Estate Tax Return, by 31 January 2020 you must:

- pay the balance of any tax the trust or estate owes for 2018 to 2019
- pay the first payment on account for the 2019 to 2020 tax year, if appropriate

You must pay what you owe by this date to avoid interest and possibly a late payment penalty.

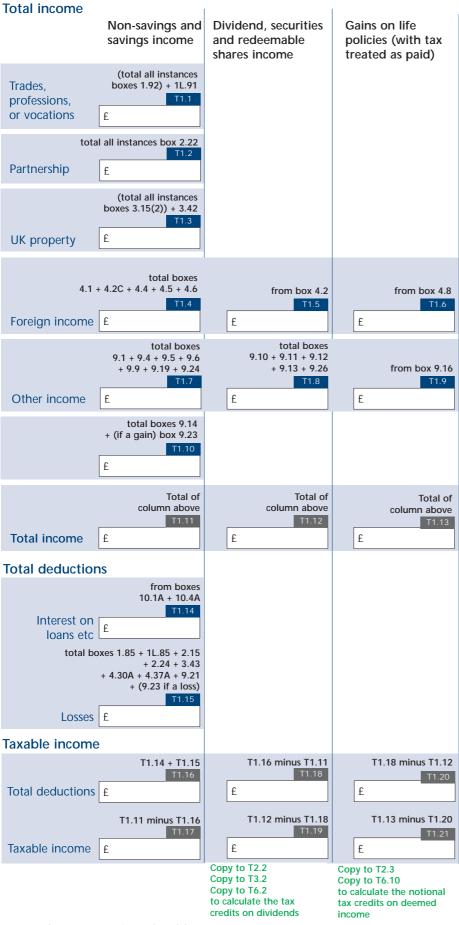
If you need help, then please ask us.

Layout of the calculation

Here is a summary of the stages you'll see in the working sheet:

- Stage 1 is for all the income and deductions that you've included in your Trust and Estate Tax Return and sorts them into categories which will be taxed later on. All trustees and personal representatives should complete stage 1.
- **Stage 2** is for personal representatives only.
- is for trustees who are taxable at the trust rate or the dividend trust rate. Certain types of income and deemed income are chargeable at the trust rate or the dividend trust rate whether or not the trustees are normally taxable at the basic or dividend ordinary rate. These types of income include accrued income charges, income from deeply discounted securities, gilt strips, offshore income gains, income from companies purchasing their own shares and gains on life insurance policies, life annuities and capital redemption policies. If, apart from these types of income, you're taxable at the basic or dividend ordinary rate only, you should complete stage 5. If you're the trustee of an unauthorised unit trust, which is generally taxable at the basic rate only, you should complete stage 4. These stages will charge the income listed above at the correct rates. Stage 3 is to be completed by the trustees who are chargeable at the trust rate or dividend trust rate, on any income other than that listed above.
- **Stage 4** is for trustees of an unauthorised unit trust.
- **Stage 5** is for other trustees not taxable at the trust rate or the dividend trust rate.
- Stage 6 brings in all the tax you've already deducted from income (so you'll need the Trust and Estate Tax Return and any supplementary pages again) and works out any non-payable tax credits.
- Stage 7 makes adjustments to the tax calculated in earlier sections and adds in Capital Gains Tax. The final box of stage 7, box T7.43 gives the figure for box 17.1 in the Trust and Estate Tax Return.
- Stage 8 works out what you have to pay us by 31 January 2020, or what we have to pay you, and checks if you'll have to make 2019 to 2020 payments on account.
- Stage 9 is for trustees who make discretionary payments to beneficiaries.

Stage 1 All trustees and personal representatives should complete this stage, filling in the boxes with information from the Trust and Estate Tax Return and the supplementary pages



Personal representatives should now go to stage 2.

Trustees who are taxable at the trust rate or the dividend trust rate should now go to stage 3.

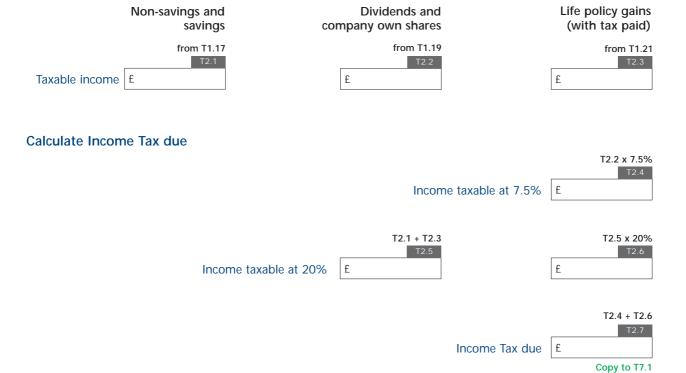
Trustees of Unauthorised Unit Trusts should now go to stage 4.

Other trustees, not taxable at the trust rate or the dividend trust rate, should now go to stage 5.

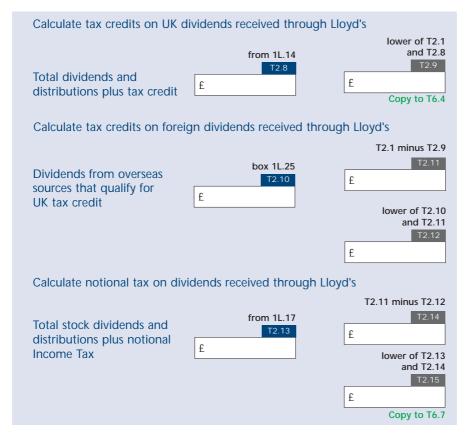
Stage 2 This section should only be completed by personal representatives

If any box on this page is negative, substitute zero ('0')

Calculate taxable income



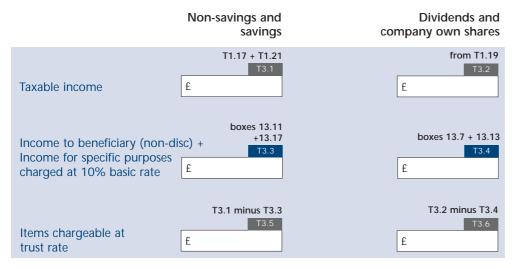
If you're the personal representative of a deceased Lloyd's underwriter, please complete boxes T2.8 to T2.15 to calculate tax credits on Lloyd's income.



Now go to stage 6 - ignore stages 3 to 5

Stage 3 This section should be completed by trustees who are taxable at the trust rate or the dividend trust rate

If any box on this page is negative, substitute zero ('0')



Calculation of Trust Management Expenses (TMEs)

If you're claiming TMEs complete boxes T3.7 to T3.19, otherwise enter zero in boxes T3.18 and T3.19 and continue from box T3.20.



	Dividends etc	Non-savings etc
Notional maximum amount of net Trust Management Expenses which could be allowed	T3.6 x 92.5/100 T3.13 £ Iower of T3.12 and T3.13 T3.15	T3.5 x 80/100 T3.14 £ T3.12 minus T3.15
against income	£	f. lower of T3.14 and T3.16 T3.17
Grossed up Trust Management Expenses	T3.15 x 100/92.5 T3.18	T3.17 x 100/80 T3.19

If any box on this page is negative, substitute zero ('0')

	Non-savings etc	Dividends etc
Items chargeable at trust rate	T3.5 minus T3.19 T3.20 £	T3.6 minus T3.18 T3.21
Standard rate band	from box 9A.1 T3.22 £	T3.22 minus T3.20 T3.23
Taxable income chargeable at trust rates	T3.20 minus T3.22 T3.24 £	T3.21 minus T3.23 T3.25
Taxable income not chargeable at trust rates	T3.1 minus T3.24 T3.26 £	T3.2 minus T3.25 T3.27 £
	Income taxable	T3.24 x 45% e at 45% £
	Income taxable a	T3.25 x 38.1% T3.29 at 38.1% £
	Income taxable	T3.26 x 20% T3.30 e at 20% £
	Income taxable	T3.27 x 7.5% T3.31 at 7.5% £
	Income	T3.28 + T3.29 + T3.30 + T3.31 Tax due £ Copy to T7.1

Now go to stage 6 – ignore stages 4 and 5

Stage 4 This section should be completed by trustees of unauthorised unit trusts

If any box on this page is negative, substitute zero ('0')

Taxable non-savings and savings income boxe	T1.17 + T1.21 T4.1 £ 25 4.2 + 9.10 + 9.11 + 9.12 + 9.13 + 9.26 T4.3	£	T4.1 x 20% T4.2
	from T1.18 T4.4		
Taxable dividend type income	T4.3 minus T4.4 T4.5 £		
Standard rate band	from box 9A.1 T4.6 £ lower of T4.5 and T4.6		
	from box 9.26		
	f		T4.9 x 7.5% T4.10
	£ T4.5 minus T4.9	£	T4.11 x 20%
	£		4.2 + T4.10 + T4.12 T4.13
		£	Copy to T7.1

Now go to stage 6 - ignore stage 5

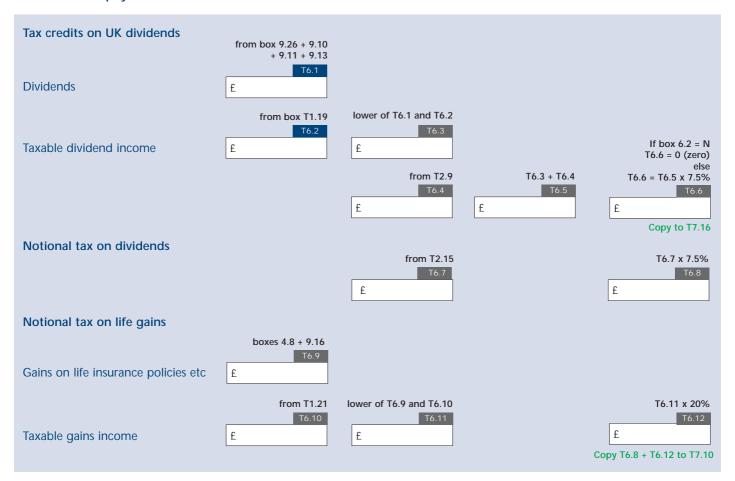
Stage 5 This section should be completed by trustees who are not taxable at the trust rate or the dividend trust rate

If any box on this page is negative, substitute zero ('0')

	T1.17 + T1.21		
Taxable non-savings and savings income	£		
lower of box 3.22 and box 3.42 T5.2 £			
boxes 4.6 + 4.8 + 9.16 + 9.24 + T1.10			
toxes 4.0 + 4.0 + 9.10 + 9.24 + 11.10			
T5.2 + T5.3 T5.4 £	f. TE 1 minus TE 5		T5.6 x 20%
	T5.1 minus T5.5	r	T5.7
Income taxable at 20%	£		£
from box 9A.1 T5.8 Standard rate band			
	lower of T5.8 and T5.5		T5.9 x 20%
Deemed income in standard rate band	T5.9		£ T5.10
		L	
	T5.5 minus T5.9 T5.11 £	[T5.11 x 45% T5.12
	from T1.19		
Taxable dividend type income	T5.13		
Taxable dividend type income	L L		
from box 9.26	ower of T5.13 and T5.14		
£	£		
	TE 12 minus TE 15		T5.16 x 7.5%
	T5.13 minus T5.15	r	T5.17
	£		£
T5.8 minus T5.9 T5.18			
	ower of T5.14 and T5.18		T5.19 x 7.5%
Income in standard rate hans	T5.19	ſ	T5.20
Income in standard rate band	Ē		£
	T5.15 minus T5.19		T5.21 x 38.1%
	£		£
		T5.7 + T5.10 + T5.12 +	T5.17 + T5.20 + T5.22
		Income Tax due	T5.23
			Copy to T7.1

All trustees and personal representatives complete this section.

Calculate non-payable tax credits



Add together tax paid

Self Employment from question 1	£ T6.13
	boxes 1L.8 + 1L.53
Lloyds	T6.14
from question 1L	£
Income from property	from box 3.21
from question 3	£
Foreign	boxes 4.1A + 4.2A + 4.2B + 4.3 + 4.10A T6.16
Foreign from question 4	£
	boxes 9.3 + 9.8 + 9.18
Savings interest from question 9	T6.17
nom question 9	£
	T6.13 + T6.14 + T6.15 + T6.16 + T6.17
Total tax paid	£
	Copy to T7.26

boxes 1.97 + 1.98

Stage 7 Work out Income Tax and Capital Gains Tax due for 2018 to 2019

All trustees and personal representatives complete this section.

If any box on this page is negative, substitute zero ('0') unless otherwise stated

ncome Tax due			£
Calculate relief for finance costs	from 3.46 + 3.47		
Finance costs	£ T7.2		
	from 3.42	lower of T7.2 and T7.3	
Adjusted profit	T7.3	£ T7.4	
	from 4.4A + 4.4B		
inance costs	£ T7.5		
	from 4.4	lower of T7.5 and T7.6	
djusted profit	£	£	
		T7.4 + T7.7	
relievable amount		£	
		T7.8 x BR rate 20%	
elief for finance costs		£	
		T6.8 + T6.12 T7.10	
Jotional tax		£	
		from box 4.9	T7.9 + T7.10 + T7
oreign Tax Credit Relief		£	£
			T7.1 minus T7
			£ T7.
otant Davaltica receivarelle tou an aborese		10.3A + 10.6A + 11.2 T7.14	T7.13 + T7
atent Royalties, recoverable tax on charges nd annual payments made out of capital		£	£
			from T
vividends from UK companies			£
			T7.15 minus T7
			£
		from 17.10 T7.18	T7.17 + T7 T7.
ension payment charges		£	£
		from box 10.1B T7.20	T7.19 minus T7 T7.
ulnerable beneficiary relief		£	£
		from T9.29 T7.22	T7.21 + T7 . T7.2
ax pool adjustment		£	£
		from box 10.1C	T7.23 minus T7
mployee Benefit Relief		T7.24	£ T7.2
			This box can be negat
and model			T7.2
ax paid			£

This box can be negative £

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Income Tax due

If any box on this page is negative, substitute zero ('0') unless otherwise stated

Capital Gains Tax		
Chargeable gains		
	from box 5.8 T7.28	T7.28 x 28%
Residential property	£	£
If box 5.30	6 is greater than 0 (zero) T7.30 = from 5.36 else	
	T7.30 = 0 (zero)	T7.30 x 28%
Non-resident Capital Gains	£	£
Other property, assets and gains	from box 5.16	T7.32 x 20%
	T7.32	T7.33
other gains	£	£
	from box 5.17 T7.34	T7.34 x 10%
gains that qualify for ER	£	£
		T7.29 + T7.31 + T7.33 + T7.35
Total Taxable Gains		£
Foreign Tax Credit Relief for foreign tax	from box 4.10	
paid and Special Withholding Tax deducted on chargeable gains reported on the	T7.37	
'Trust and Estate Capital Gains' pages	from box 5.6	
	T7.38	
Vulnerable beneficiary election – amount of relief claimed	£	
	from box 5.14 T7.39	
Vulnerable beneficiary election – amount of relief claimed	£	
	from box 5.37 T7.40	
Non-resident Capital Gains Tax already charged	£	
		T7.37 + T7.38 + T7.39 + T7.40
		£
		T7.36 minus T7.41
Total Capital Gains Tax due		£
		T7.27 + T7.42
Income Tax and Capital Gains Tax due for 2018 to 2019		£ T7.43
Copy this figure to box 17.1 in the Trust and Estate Tax Return		This box can be negative

Stage 8 All trustees and personal representatives complete this section

Enter in box T8.2 the amount of any repayment of 2018 to 2019 tax in box 21.6 in the Trust and Estate Tax Return. Do not include any repayments from trading losses carried back to an earlier year.

Box T8.3 An adjustment may be required to increase the tax for 2018 to 2019 because you claim:

- · farmers' averaging
- · averaging of literary or artistic income
- to pay tax on post-cessation receipts by reference to the year the business ceased

Calculate the difference between the actual liability for the earlier year, and the liability that would have arisen for the earlier year if the averaged profit or post-cessation receipt had been included in the Trust and Estate Tax Return for that year. Work out the increase in tax by reference to the tax rate and circumstances for the earlier year. Include any entry in box 1L.79 of the 'Trust and Estate Lloyd's Underwriters' pages. Enter the amount in box T8.3. Copy this figure to box 17.2 in the Trust and Estate Tax Return.

The adjustment relates to 2018 to 2019, even though it's calculated by reference to the circumstances of the earlier year. If you need help, ask us or your tax adviser.

Box T8.5 An adjustment may be required to decrease the tax for 2018 to 2019, calculated by reference to an earlier year, because you're claiming:

- loss relief calculated by reference to your income of an earlier year or years
- · farmers' averaging

Do not include losses for which you have previously claimed relief. Calculate the difference between the actual liability for the earlier year, and the liability that would have arisen for the earlier year if the loss or averaged profits had been included in the Trust and Estate Tax Return for that year. Work out the decrease in tax by reference to the tax rate and circumstances for the earlier year. Enter it in box T8.5. Copy this figure to box 17.4 and tick box 17.3 in the Trust and Estate Tax Return.

The adjustment relates to 2018 to 2019 even though it's calculated by reference to the circumstances of the earlier year. If you need help, ask us or your tax adviser.

Stage 8 Working out payments due by 31 January 2020

If any box on this page is negative, substitute zero ('0') unless otherwise stated

	from T7.43	
	T8.1	
Income Tax and Capital Gains Tax due for 2018 to 2019	£	
	This box can be negative	
	from box 21.6 T8.2	
2018 to 2019 tax already refunded	£	
Any adjustment increasing the tax due,	from box 17.2	
calculated by reference to earlier years (see Notes and on	Т8.3	
the Trust and Estate Tax Return)	£	
Copy this figure to box 17.2 in the Trust and Estate Tax Return		T8.1 + T8.2 + T8.3
		T8.4
		£
		This box can be negative
Any adjustment reducing the tax due, calculated by reference to	from box 17.4	
earlier years (see Notes and on the Trust and Estate Tax Return)	T8.5	
Tick box 17.3 and copy this figure to box 17.4 in the Trust and Estate Tax Return	£	
	from box 17.9	
	T8.6	
Any 2019 to 2020 repayment (see Notes)	£	
		T8.5 + T8.6 + T8.7
Payments already made	T8.7	T8.8
(from your Statements of Account)	£	£
		T8.4 minus T8.8
Tax	payable for 2018 to 2019	T8.9
	tive, this is the tax you owe	£
	this is the tax we owe you	This box can be negative
	•	The Ben can be negative
Calculation of normant on account for 2010 to 2020		
Calculation of payment on account for 2019 to 2020		
	from T7.27	
	T8.10	
Income Tax bill for 2018 to 2019	£	
If how TO 10 is loss than £1,000, you don't need to make nayment	ts on account. Tick boy 17.6	
If box T8.10 is less than £1,000, you don't need to make payment		
in the Trust and Estate Tax Return. Otherwise, leave box 17.6 blan	k and continue.	
	T7.10 + T7.24 + T7.26	
Tax deducted at source,	T8.11	
notional tax, tax credits, etc	£	
	T8.10 + T8.11	
	T8.10 + T8.11	
	£	
	T8.12 x 20% T8.13	
	£	
	L	
If box T8.10 is less than T8.13, you don't need to make payments	on account. Tick box 17.6	
in the Trust and Estate Tax Return. Otherwise, leave box 17.6 blan		
III THE THAST AND ESTATE TAX NETWITH OTHER WISE, ICAVE DUX 17.0 DIAIL	ik and continue.	
		T8.10 x 50%
		T8.14

The amount of each payment on account for 2019 to 2020

If box T8.15 is positive, this is the tax you owe If box T8.15 is negative, this is the tax we owe you

Payment due by 31 January 2020

£
This box can be negative

£

T8.9 + T8.14

Stage 9 Calculation of tax pool for 2018 to 2019. This section should be completed by trustees who make discretionary payments to beneficiaries (see question 14 on the Trust and Estate Tax Return)

When you make discretionary payments that are income in the hands of the beneficiaries, those payments carry a tax credit. The tax credits have to be matched as far as possible with the tax payable by you on the trust income or tax credits attached to the income you've received. If the tax credits attaching to the payments to beneficiaries exceed the total of tax credits and tax payments (the tax pool), you have to pay the difference to us.

Foreign Tax Credit Relief, non-payable tax credits on dividends and notional tax on life policy gains are not available for repayment and cannot be used to frank tax credits allowed to beneficiaries.

The calculation excludes from the tax pool the proportion of such foreign tax and notional tax credits which relates to income which is to be accumulated, or is payable, at the trustees' discretion. Any excess of the tax credits attaching to payments to beneficiaries over your available tax credits and tax payments (the tax pool) is carried back to stage 7 and added to the tax bill for 2018 to 2019. Any excess in the tax pool is carried forward to the tax pool for the tax year 2019 to 2020. Tax paid in a year when the trustees are non-resident does not enter the tax pool.

2019 to 2020. Tax paid in a year when th	ne trustees are non-resident o	loes not enter the tax pool	
If any box on this page is negative, substitute zero ('0')	Amount of tax	pool brought forward	from box 14.15 T9.1
negative, substitute 25.5 (5)	Authornt of tax	poor brought forward	from box 13A.1
Amount of tax	pool applicable to income that i	is not settlor interested	f.2
			T9.1 + T9.2
If you've completed box 8.12 ignore box	es TO 1 to TO 20 and continu	ue from hov TQ 21	£
Otherwise, continue from box T9.4.	es 17.4 to 17.20 and continc	TE HOTH BOX 19.21.	from T3.29
			T9.4
	Trust rate tax charged on		£
		T3.20 minus T3.24 T9.5	T9.5 x 20%
Non-savings	ncome etc in standard rate ban-	d £	£
			from T3.28
Tax ch	arged on income and deemed in	ncome at the trust rate	f. T9.7
ian di	angoa on moomo ana accimoa m		
		lower of T3.21 and T3.23	T9.8 x 7.5% T9.9
Dividends co	overed by the standard rate band	d £	£
			T9.1 + T9.4 + T9.6 + T9.7 + T9.9
			T9.10
	from T6.8		£
Non-repayable tax on dividend type income			
	from T3.31		
Tax charged on dividend type income not	TO 12		
charged at the dividend trust rate		T9.11 minus T9.12	
		T9.13	
	from T6.12	£	
Non-repayable tax on deemed income	T9.14		
smaller of T3.22 and T6.11	T9.15 x 20%	T9.14 minus T9.16 T9.17	
T9.15	£	£	
L		from box 4.9A	
	Foreign Toy Credit Delief	T9.18	
	Foreign Tax Credit Relief	£	T9.13 + T9.17 + T9.18
			T9.19

Total deduction of non-repayable tax etc

			T9.10 minus T9.19
			T9.20
			£
		higher of T	9.1 and (T9.3 or T9.20)
	_		T9.21
	Ро	ol available	L
	from box 10.1B		
Vulnerable Beneficiary Relief	T9.22		
vullerable beneficially Keller	L		
	from box 10.1C		T9.22 + T9.23
	T9.23		T9.24
Employee Benefit Relief	£		£
			T9.21 minus T9.24
			T9.25
			£
		total of b	oxes 14.2 + 14.4 + 14.6
			+ 14.10 + 14.12 + 14.14
			T9.26
Tax on payme	ents to beneficiaries		£
		T9	.26 multiplied by 45/55
			£
			T9.25 minus T9.27
	orward to next year ount, enter zero '0')		T9.28
(ii negative anii	Junt, enter Zero U)		
	Additional tax due		T9.27 minus T9.25
	ount, enter zero '0')		£

Copy to T7.22