

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 2015**.

If you complete a paper Trust and Estate Tax Return you must make so that this reaches us **by 31 October 2015.** If your paper Trust and Estate Tax Return reaches us after this date, we will charge you an automatic penalty of £100.

If we receive the paper Trust and Estate Tax Return ofter 31 October 2015 and you have not worked out the tax, we will do it for you but we cannot guarantee to tell you what to pay by 31 January 2016.

So if you do not know what tax to pay, make an estimate and pay that by 31 January 2016. Remember, if you do not pay enough, you will have to pay interest and possibly a late payment penalty.

You can file online even line have sent you a paper Trust and Estate Tax Return. If you file online, you have until 31 January 2016 to file your tax return. You can use our Self Assessment Online service to file the tax return over uninternet using third party commercial software. If you file online, your calculations are done for you and you will receive an instant on screen acknowledgement that we have received your tax return. Go to www.gov.uk/how-to-send-self-assessment-online for information about filing online.

If preveceive your online tax return after 31 January 2016 then you will be charged an automatic penalty of £100.

by 31 January 2016 you must:

- pay the balance of any tax the trust or estate owes for 2014–15
- pay the first payment on account for the 2015–16 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.

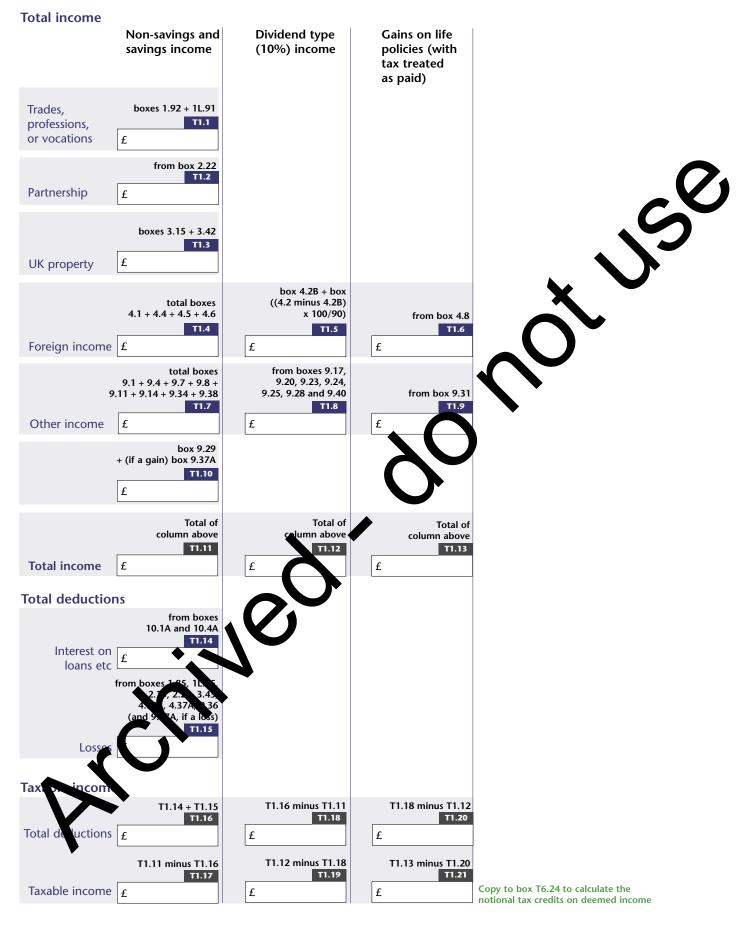
Layout of the calculation

Here is a summary of the stages you will see in the Working Sheet:

- **STAGE 1** is for all the income and deductions that you have 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.
- **STAGE 3** 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 are normally taxable at the basic/dividend ordinary rate. These types of income include accrue charges, income from deeply discounted securities, gilt strips, offshore income gains, ۶m companies purchasing their own shares and gains on life insurance policies, life annuices redemption policies. If, apart from these types of income, you are taxable at the basic/o vidend ordinary rate only, you should complete stage 5. If you are the trustee of an unauthorised u t tru which is generally taxable at the basic rate only, you should complete stage 4. The stages whe charge the income listed above at the correct rates. Stage 3 is to be completed by the stees who are chargeable at the trust rate or dividend trust rate, on any income other than that
- **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 sust rate.
- **STAGE 6** brings in all the tax you have already deducted from income (so you will 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 T7.32 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 2016, or what we have to pay you, and checks if you will have to make 2015–16 payments on account.
- **STAGE 9** is for trustees who make or stream 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



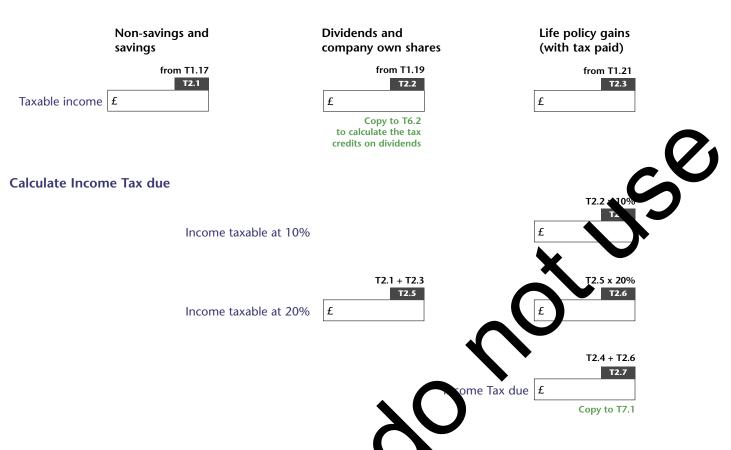
Personal representatives should now go to stage 2.

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')

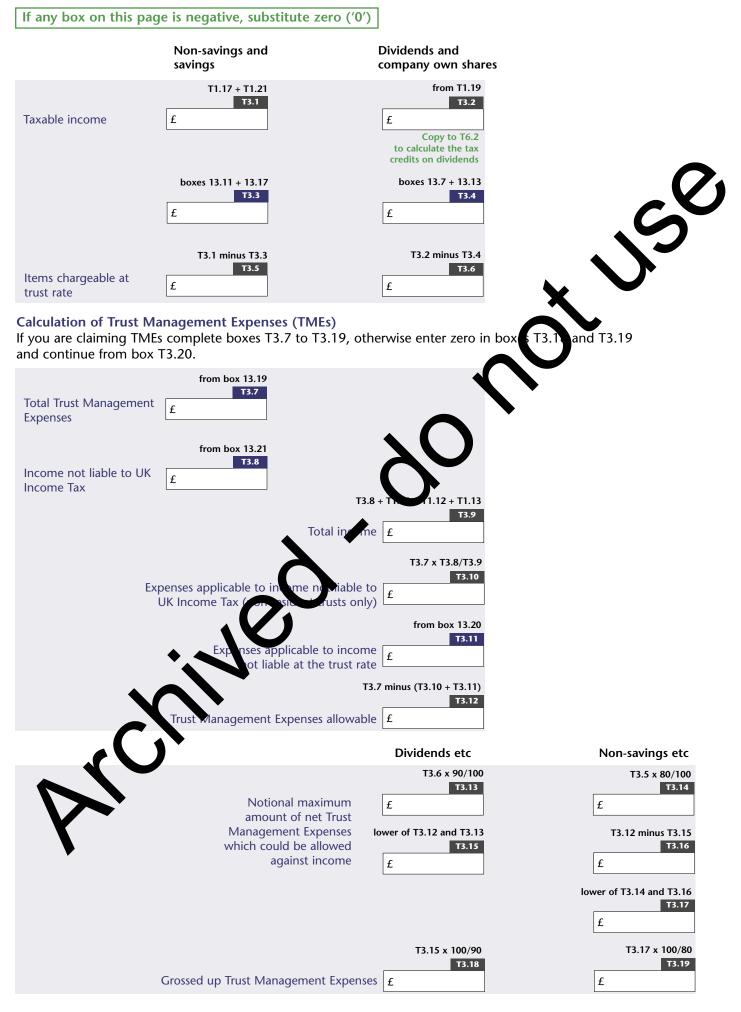


If you are the personal representative of a deceased Lloyd's un erwriter, please complete boxes T2.8 to T2.15 to calculate tax credits on Lloyd's income.

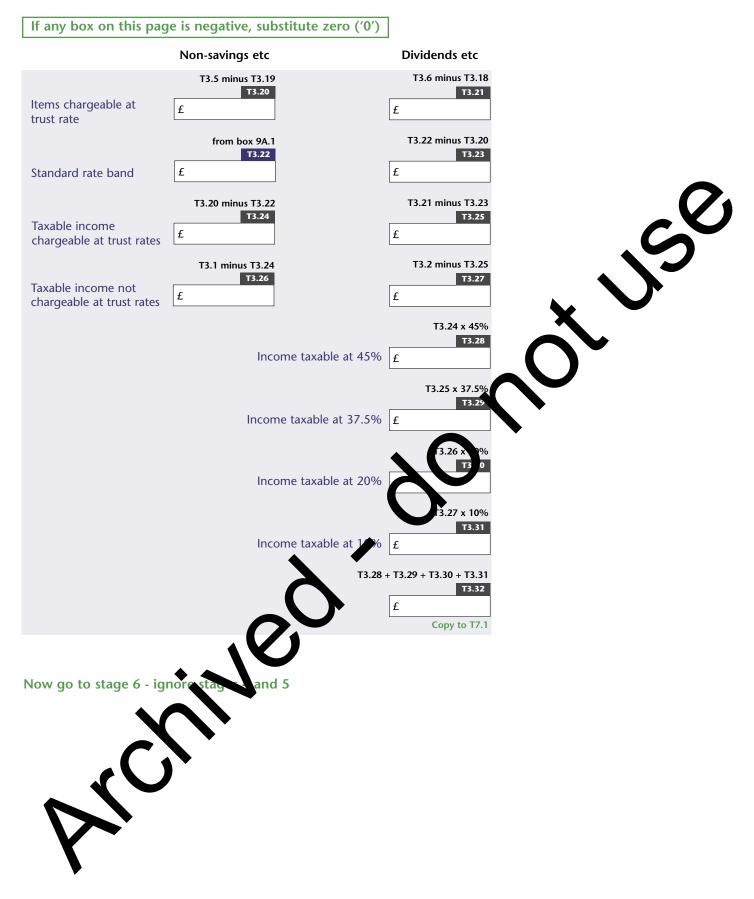




STAGE 3 This section should be completed by trustees who are taxable at the trust rate or the dividend trust rate

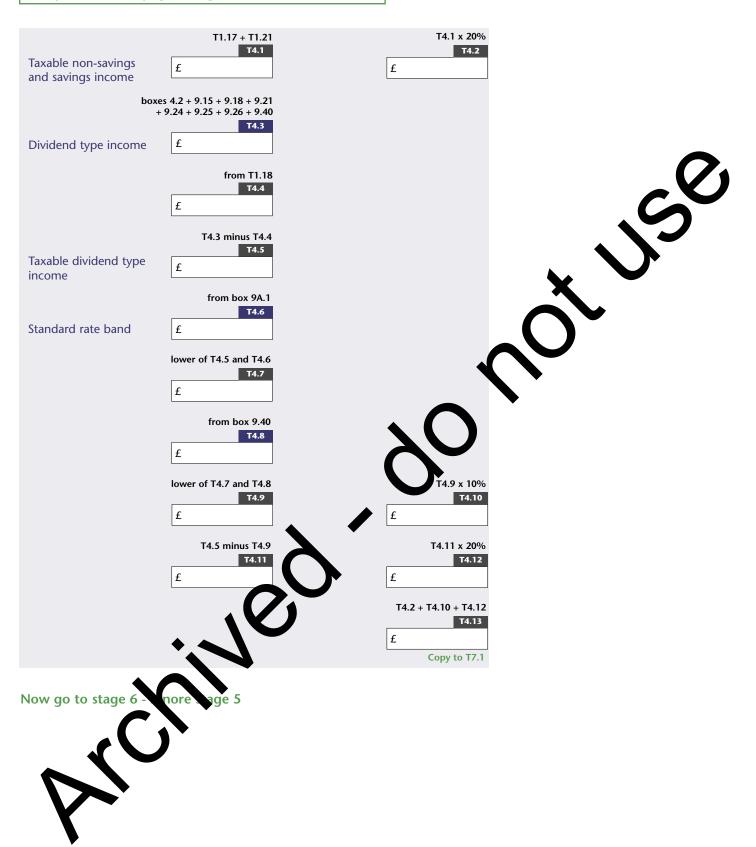


Determine taxable income chargeable at trust rates



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

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



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')



STAGE 6 Calculate tax paid and tax credits

All trustees and personal representatives complete this section.

Calculate non-payable tax credits

| Tax credits on UK dividends | | | |
|---------------------------------|--|---------------------------|------------------------|
| boxes 9.17 + 9.20 + 9.40 | from T2.2 or T3.2 or T5.13 | lower of T6.1 and T6.2 | |
| Т6.1 | Т6.2 | Т6.3 | |
| £ | £ | £ | |
| | from T2.9 | T6.3 + T6.4 | T6.5 x 10% |
| | т6.4 £ | т6.5 £ | £ 76.6 |
| | | | L Copy 17.9 |
| T6.1 minus T6.3 T6.7 | | | |
| | o, enter zero in box T6.10 and continue is zero, enter zero in box T6.10 and co | | |
| | T6.7 x 10% | from box 10.3A | lower T6.8 and T6.9 |
| | Т6.8 | T6.9 | T6.10 |
| | £ | £ | |
| Tax credits on foreign dividend | ds | | Copy to T7.10 |
| T1.5 minus box 4.2B | T6.2 minus T6.3 | lower of T6.11 and T6.12 | • |
| T6.11 | T6.12 | | |
| £ | £ | £ | |
| | from T2.12 | T6.13 + T414 | T6.15 x 10% |
| | £ | T6.15 | T6.16 |
| | L | | Copy to T7.3 |
| Notional tax on dividends | | \sim | |
| boxes 9.23 + 9.28 | T6.12 minus T6.13 | low of T6.17 and T6.18 | |
| T6.17 | T6.18 | T6.19 | |
| £ | £ | £ | |
| | froi. T2.15 | T6.19 + T6.20 T6.21 | T6.21 x 10% |
| | £ | £ | £ |
| | | | |
| Notional tax on life gains | | | |
| boxes 4.8 + 9.31 | fr n T1.21 | lower of T6.23 and T6.24 | T6.25 x 20% |
| £ | т6.24 | т6.25 £ | т6.26 £ |
| | | - | |
| | | | T6.22 + T6.26 T6.27 |
| | | | £ |
| | | | Copy to T7.2 |
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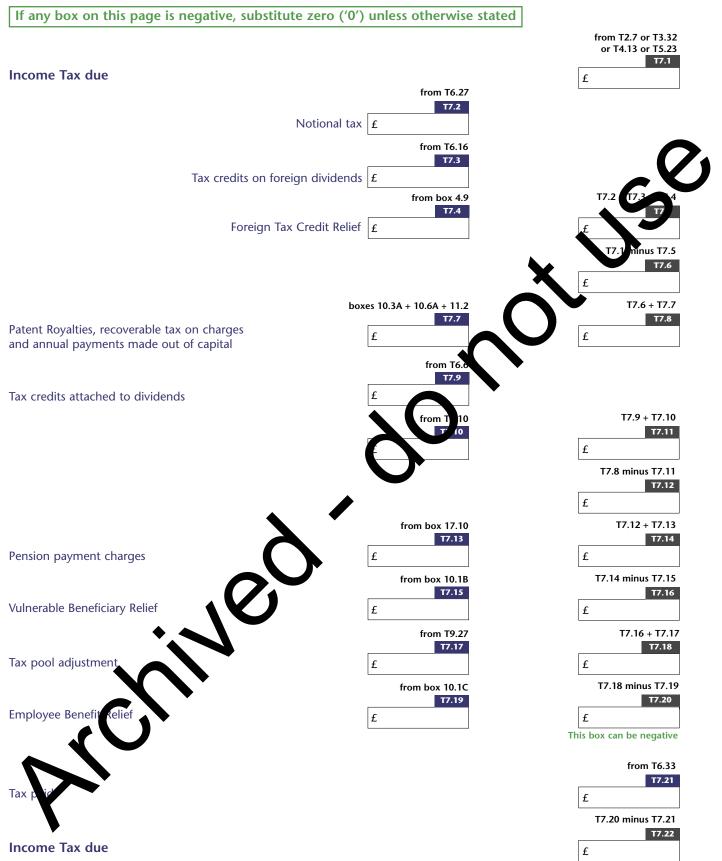
Add together tax paid

| in a genier and put | |
|---------------------|--|
| From question 1 | boxes 1.97 + 1.98 T6.28 |
| From question 1L | boxes 1L.12 + 1L.53 T6.29 £ |
| From question 3 | from box 3.21 T6.30 £ |
| | boxes 4.1A + 4.2A + 4.3 + 4.10A |
| From question 4 | £ boxes 9.3 + 9.6 + 9.10 + 9.13 + 9.33 |
| From question 9 | £ |
| | T6.28 + T6.29 + T6.30 + T6.31 + T6.32 T6.33 |
| Total tax paid | £ Copy to T7.21 |
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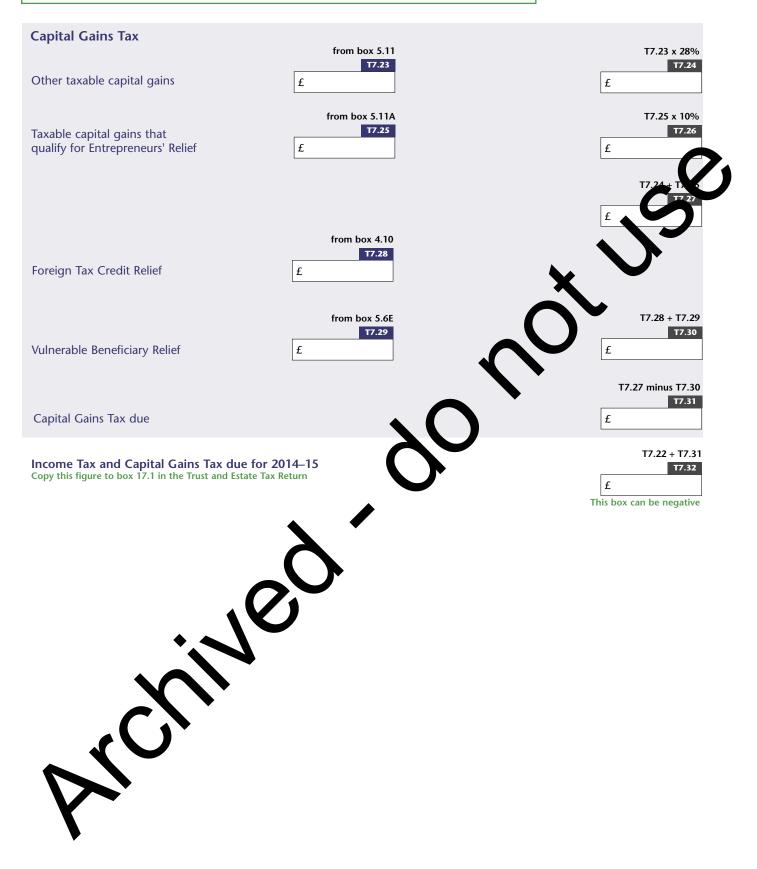
STAGE 7 Work out Income Tax and Capital Gains Tax due for 2014–15

All trustees and personal representatives complete this section.



This box can be negative

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



STAGE 8 All trustees and personal representatives complete this section

Box T8.2 Enter in box T8.2 the amount of any repayment of 2014–15 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 2014–15 because:

- you claim farmers' averaging, or
- you claim averaging of literary or artistic income, or
- you claim 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.

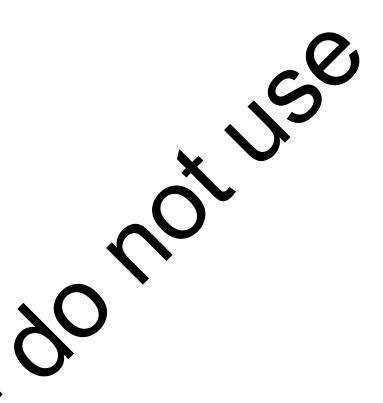
The adjustment relates to 2014–15, even though it is calculated by reference to the circumstances of the earlier year. If you need help, ask us or your tax adviser.

Box T8.5 An adjustment may be required to decrease the tax for 2014–15, calculated by reference to an earlier year, because:

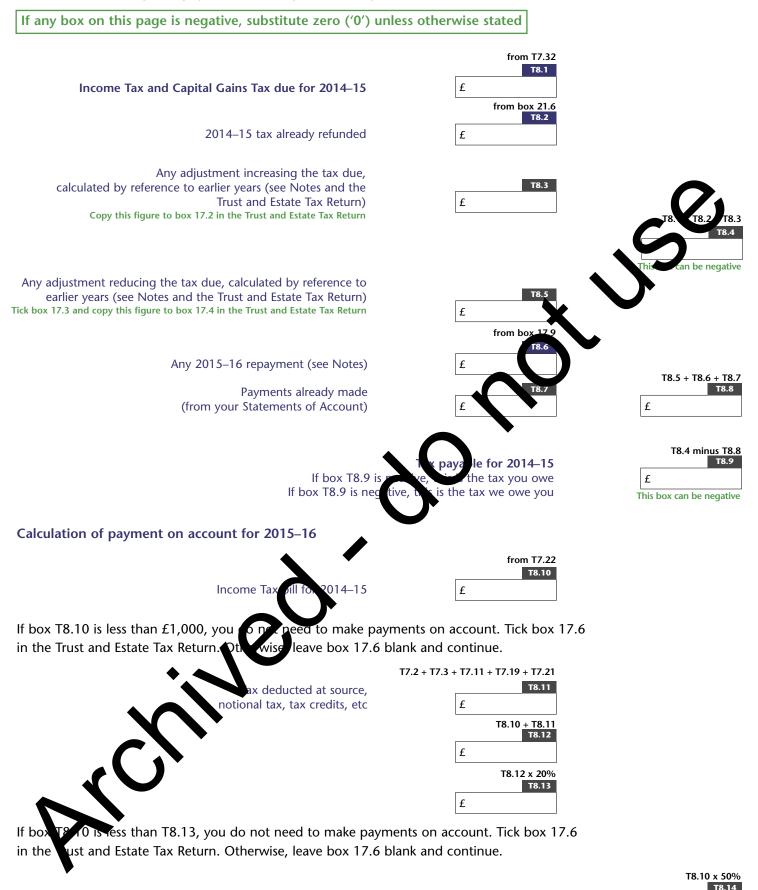
- you are claiming loss relief calculated by reference to your income of an earlier year or years, o
- you are claiming farmers' averaging

Do not include losses for which you h iously claimed relief. Calculate the differe en the actual liability for the earler y an the liability that would have arisen for the earlier year the loss or averaged profits hall be an d in the Trust and clu Estate Tax Return for t year. Work out the decrease in tax by reference the tarrate and circumstances for ter it h box T8.5. Copy this figure to the earlier year tick 5 7.3 in the Trust and Estate box 17.4 at Tax

The a liquine relates to 2014–15 even though it is 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 2016



The amount of each payment on account for 2015–16

Payment due by 31 January 2016 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

This box can be negative

T8.9 + T8.14 T8.15

£

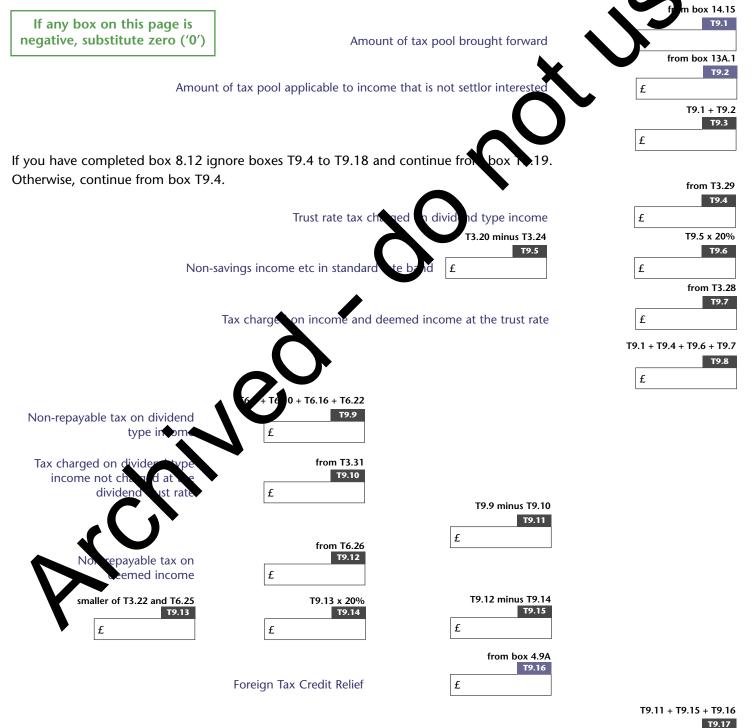
£

STAGE 9 Calculation of tax pool for 2014–15. 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 have 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.

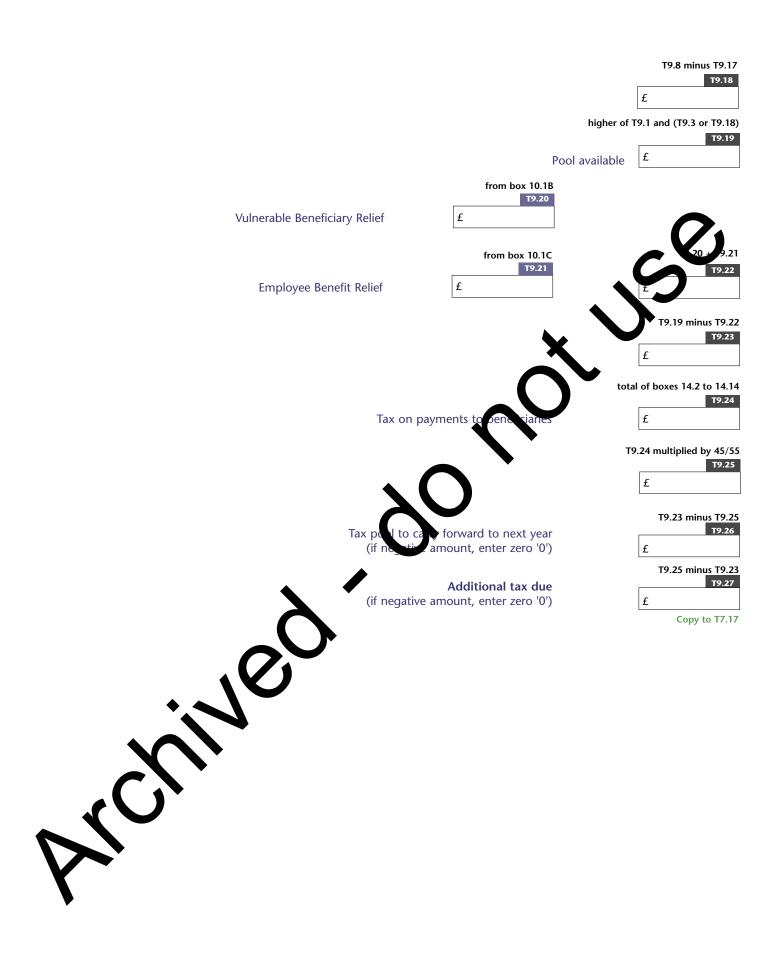
Foreign Tax Credit Relief, non-payable tax credits on dividends and notional tax on life policy gains are not available for repayment and cannot be used to frank tax credits allowed to beneficiaries.

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 state 7 nd added to the tax bill for 2014–15. Any excess in the tax pool is carried forward to the tax pool for the tax year 15–6. Tax paid in a year when the trustees are non-resident does not enter the tax pool.



Total deduction of non-repayable tax etc

£



These notes are for guidance only and reflect the position at the time of writing. They do not affect the right of appeal.