



Trustees may use this form to advise the settlor of income arising to the trust in which the settlor retains an interest. Do not include any income shown on this form on form R185(Trust Income), 'Statement of income from trust' that you give to another person.

Settlor-interested trusts – income arising to the trust

Income arising to the trust is taxable on the settlor and should be included 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 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(Trust Income). Discretionary income paid to a beneficiary who is not the settlor is taxable on the beneficiary under special rules and should be included on form R185(Trust Income), unless the payment is made to the minor child of the settlor.

Discretionary income payment to minor children of the settlor

The settlor is taxable on any discretionary income payment as though they received it, where it's made to or applied for the benefit of their minor children. The payment should be included here, unless the settlor has already been taxed on the income as it arose. Please note that the allowances and tax reductions (for example, the personal savings allowance) are not available on annual payments.

Notes for settlors are on pages 1 to 3. For more guidance, go to SA107, 'Trusts etc notes' and 'HS270 Trusts and settlements - income treated as the settlor's' on www.gov.uk

The trust's income for the year ended 5 April 20 is shown on page 3 and 4 of this form.

The settlor	The trust
Full name of settlor <input type="text"/> <input type="text"/>	Full name of trust <input type="text"/> <input type="text"/>
Address <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Unique Taxpayer Reference (UTR) of trust <input type="text"/>
Postcode <input type="text"/>	Trust agent's or solicitor's reference <input type="text"/>

Notes for settlors

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 box numbers 7 to 15 to the corresponding boxes on the SA107, 'Trusts etc' pages of the tax return.

Boxes 7 and 10 Read the notes if the income in these boxes 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 and you're entitled to it, you'll need to get the following additional information from the trustees:

- i. the net amount after tax taken off in box 7 or 10 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 by, entering on page TR3 of the tax return (SA100), the:

- gross amount of the trading income and UK property income in box 17
- allowance (of up to £1,000 for property income and up to £1,000 for trading income) in box 18, instead of deducting your expenses (including mortgage interest)
- tax amount in box 19 and then make a note of the type of income in box 21

Notes for settlors continued

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 pages, UK property pages and foreign pages of the tax return.

Do not include the net amount after tax taken off or tax amount, relating to this trading or property income, in the boxes on SA107 'Trusts etc' pages of the tax return. Any remaining amount of other non-savings income should still be included in boxes 7 or 10, net of expenses and tax.

If boxes 7 or 10 include UK property income, read the notes for box 25.

Boxes 8 and 11 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.

Boxes 9 and 12 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 to 5 April 2023 individuals have a Dividend Allowance of £2,000 which means that there's no tax to pay on the first £2,000 of dividend income. From 6 April 2023 to 5 April 2024 individuals have a Dividend Allowance of £1,000 which means that there's no tax pay on the first £1,000 of dividend income. From 6 April 2024 the Dividend Allowance is £500.

Box 10 If you're taxable on this income, because you're the settlor of a discretionary trust, and an annual payment is being made to your minor child, you're not eligible for allowances and tax reductions (for example, trade and property allowance or personal saving allowance).

Box 15 You may also have to complete boxes on other pages of the tax return. Read the notes for box 15 on page 3.

Box 16 Include this information on the SA106, 'Foreign' pages of the tax return not the SA107, 'Trusts etc' pages. The notes for box 16 on page 4 show which columns on the SA106 'Foreign' pages to use. 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 finance costs are allowable as a deduction for each property business. If you're taxable on residential property income from a non-discretionary trust, or a settlor-interested discretionary trust (one where you or your spouse or civil partner can potentially benefit) you can claim a tax reduction. The trustees will need to provide you with additional information to enable you to complete SA106.

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 finance costs are allowable as a deduction for each property business. If you receive residential property income from a non-discretionary trust, or a settlor-interested discretionary trust (one where you or your spouse or civil partner can potentially benefit) you can claim a tax reduction. Ask the trustees to provide you with a completed 'working sheet from SA107 notes' 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-it-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 7 to 16 to the boxes on the R40 'Claim for repayment of tax deducted from savings and investments' as follows:

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- box 7 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 7 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 8 to boxes 4.6 and 4.7 on the R40
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- box 9 to boxes 4.9 and 4.10 on the R40
 - box 10 to boxes 4.2 and 4.3 on the R40 - read the notes on 'Claiming the trading and property allowance' below if the income in box 10 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
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- box 11 to boxes 4.2 and 4.3 on the R40
 - box 12 to boxes 4.9 and 4.10 on the R40
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- box 13 to box 7.4 on the R40
 - box 14 to box 7.4 on the R40
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- box 15 to box 7.3 on the R40
 - box 16 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
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