HM Revenue & Customs

Notes on TRUST AND ESTATE TRADE

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HELPSHEETS

Helpsheets giving more detailed information about particular tax rules for the 'Trust and Estate Trade' pages are available online. Go to www.gov.uk/self-assessment-forms-and-helpsheets

- Helpsheet 220, 'More than one business'
- Helpsheet 222, 'How to calculate your taxable profits'
- Helpsheet 223, 'Rent-a-Room Scheme'
- Helpsheet 224, 'Farmers and market gardeners'
- Helpsheet 227, 'Losses'
- Helpsheet 229, 'Information from your accounts'
- Helpsheet 232, 'Farm stock valuation'
- Helpsheet 234, 'Averaging for creators of literary or artistic works'
- Helpsheet 260, 'Overlap relief'

Filling in the 'Trust and Estate Trade' pages

You must fill in the 'Trust and Estate Trade' pages if, at any time during the 2023 to 2024 tax year, the trust or estate carried on a trade, profession or vocation as a person in the UK or abroad. If you're the personal representative of a deceased Name at Lloyd's, you may need to complete the 'Trust and Estate Lloyd's Underwriters' pages instead. If the trust was a member of a partnership, fill in the 'Trust and Estate Partnership' pages.

Get the material you need to complete the 'Trust and Estate Trade' pages:

- the business accounts covering the basis period for the 2023 to 2024 tax year (basis period is explained on page TTN3)
- the books and records, if you do not have accounts

You should have records of all the business transactions. You must keep these until at least 31 January 2029 in case we ask to see them. For information on record keeping, go to www.gov.uk/guidance/trust-record-keeping-for-tax-purposes

You may need to complete more than one set of 'Trust and Estate Trade' pages if either of the following circumstances apply:

- you do not have a single set of accounts for the period that is the basis period for 2023 to 2024 (this may happen if the business has recently commenced, ceased or has changed accounting date. Read the notes on pages TTN2 and TTN3 which explain how to work out the basis period and the accounts information you must provide)
- the trust and estate carried on more than one business – you must complete separate 'Trust and Estate Trade' pages for each, go to www.gov.uk/self-assessment-forms-and-helpsheets for more, or photocopy one you already have (if you use a photocopy, please put the trust or estate name and tax reference in the 'Additional information' box, box 1.116 on Page TT4)

If you've a single set of accounts which covers more than one business:

- transfer the figures to one set of 'Trust and Estate Trade' pages
- deduct the income and disallow the expenses relating to any business other than the main business
- complete a separate set of 'Trust and Estate Trade' pages for each of the other businesses

Only include in the 'Trust and Estate Trade' pages details relating to that business. Put other income in the appropriate parts of the Trust and Estate Tax Return. For example, enter:

- partnership income in the 'Trust and Estate Partnership' pages
- dividends from companies on page 5 of the Trust and Estate Tax Return

If you're unsure whether the activities amount to a trade, profession or vocation, ask us or your tax adviser for advice.

Read the notes on page TTN7 before filling in the 'Trust and Estate Trade' pages if the trust or estate business was farming or market gardening.

If there are trade debts from overseas transactions which cannot be paid or brought to the UK because of exchange control restrictions or a shortage of foreign currency in the overseas country, ask us or your tax adviser about relief for unremittable amounts.

Notes on TRUST AND ESTATE TRADE

Before you start

You pay tax for 2023 to 2024 on all the trust's or estate's business profits (see page TTN6 of these notes if the business made a loss) for the period.

The business profit for each business is the difference between:
- turnover, other business receipts balancing charges and the value of goods taken for personal use
- allowable business expenses (including capital allowances) - profit must be worked out using traditional accounting rules (accruals basis) – you may use flat rate amounts (simplified expenses) for certain expenses

For information on how to work out profits and on simplified expenses, go to www.gov.uk and search for 'HS222'.

The 'Trust and Estate Trade' pages will help you work out the taxable business profit and will provide us with the information we need to process the Trust and Estate Tax Return.

For each business you must:
- provide business details in boxes 1.1 to 1.13A
- complete boxes 1.14 to 1.23 if capital allowances and balancing charges are to be included in boxes 1.24 and 1.25, or 1.68 and 1.70 – give details of income and expenses in boxes 1.24 to 1.26 if the annual turnover was below £30,000 (or would be if you traded for a whole year), or in boxes 1.27 to 1.73 if the annual turnover was £30,000 or more (or would be if you traded for a whole year)
- work out the taxable profit on page TT3, using boxes 1.74 to 1.93
- if there's a balance sheet, provide information about the business assets or liabilities in boxes 1.99 to 1.115

Work through the following steps for each business.

Step 1 Work out the basis period for the business using the notes on page TTN3.

Step 2 Work out how many 'accounts' fall within that basis period.

Step 3 Check whether you provided details of any of these 'accounts' in boxes 1.14 to 1.73 and boxes 1.99 to 1.115 of last year's return. If so, do not provide the same information again. Tick box 1.10 if details relating to all these accounts have already been included in last year's return.

Step 4 If you've only one set of accounts for the basis period fill in one set of 'Trust and Estate Trade' pages for the whole of the basis period unless you've already provided this information in last year's return. You must always complete boxes 1.74 to 1.93 on page TT3, as appropriate, to arrive at the taxable profit for 2023 to 2024.

Or

If you've more than one set of accounts for the basis period, complete boxes 1.1 to 1.73 and 1.99 to 1.115, as appropriate, on separate 'Trust and Estate Trade' pages for each set of accounts. Do not repeat any information for any period of account which you provided in last year's return. Then fill in boxes 1.74 to 1.93, as appropriate, on the 'Trust and Estate Trade' pages for the most recent set of accounts, to arrive at the taxable profit for 2023 to 2024.

The notes will help you. They use some technical terms such as 'trade', 'basis period' and so on. They explain these terms as fully as possible, but they're not a comprehensive guide for all cases. There's also a glossary of terms on page TTN9.

Providing details of income and expenses

For most businesses, the information on the 'Trust and Estate Trade' pages will allow a full and fair picture of the business to be presented. If there are any points needing more explanation, provide details in the 'Additional information' box, box 1.116 on page TT4. You do not need to send us the accounts.

In some larger or more complex businesses additional information given on the 'Trust and Estate Trade' pages may not be enough to provide a full and fair picture of the business. You may consider the submission of more information, including perhaps accounts or supporting calculations, necessary. This may be the case where:
- a large business has a substantial turnover
- a business is complex (perhaps because it's a highly specialised trade)
- accounts or computations are needed for a proper understanding of the figures

You also need to complete page TT2 if the annual turnover was £30,000 or more (or would be if you traded for a whole year), and page TT4 if you've a balance sheet.

If you do not have accounts

Even if you do not have accounts prepared for the business each year, still work out the taxable profit using generally accepted accounting practice. These notes will help. You can find more information on how profits are taxable, what to include in the turnover and what expenses are allowable for tax in Helpsheet 222, 'How to calculate your taxable profits'. To find the helpsheet, go to www.gov.uk and search for 'HS222'.

You will come across the terms 'accounting period' and 'accounting date' in both these notes and the helpsheets. If you do not have accounts prepared for the business you should read:
- 'accounting period' to mean the period you provide details of the business income and expenses
- 'accounting date' to mean the date that period ends

If you do have accounts

Accounts are prepared for a variety of reasons and in a variety of ways and it may not be immediately obvious where in the 'Trust and Estate Trade' pages you should enter some of the figures. Helpsheet 229, 'Information from your accounts' is available online. Go to www.gov.uk and search for 'HS229'. It gives practical help on filling in the 'Trust and Estate Trade' pages, including some worked examples.

In some situations you may need to combine or apportion the figures to fit the standard format. There may be more than one acceptable way of doing this. Whichever method you adopt, be consistent from one year to the next. If you want to explain any figures in more detail, do so in the 'Additional information' box, box 1.116 on page TT4.

Make sure that you transfer all the entries in the accounts, and that you include them only once. Do not bring in any amounts which are not included in the accounts unless they're needed to calculate the taxable profit or were excluded in error from the accounts. Include any such amounts in box 1.91. Explain why the entry is necessary in the 'Additional information' box, box 1.116 on page TT4.

Provisional figures

We would normally expect you to complete the income and expenses section of the 'Trust and Estate Trade' pages with the final and correct figures of income and expenses. If despite your best efforts you're unable to do so, please read the notes on page 25 of the Trust and Estate Tax Return Guide which explain the exceptional circumstances in which we may accept returns containing provisional figures.

Notes on TRUST AND ESTATE TRADE

If you need to use one or more provisional figures, still complete all relevant boxes in the 'Trust and Estate Trade' pages, including the accounts information. If you cannot provide final or even provisional accounts information from which the taxable profit is to be calculated, before the latest date for sending the Trust and Estate Tax Return, provide one provisional figure for the taxable profit in box 1.92 and tick box 1.93. We would expect there to be very few such circumstances. The one common circumstance would be where, in the case of a newly commenced business, the first accounting period does not end until close to, or after, the statutory filing date. By 'close to' we mean within 3 months of the filing date.

If you've included any provisional figures tick box 21.5 on page 11 of the Trust and Estate Tax Return. It would also help if you say in the 'Additional Information' box, box 21.9:
- why you cannot give a final figure
- the approximate date you expect to be able to give your final figure

- Estimates (including valuations)

In some situations you may need to provide an estimated figure or valuation that you do not intend to amend at a later date. If so, read the notes on page 27 of the Trust and Estate Tax Return Guide.

Business details

- Basis period for 2023 to 2024

You pay tax for 2023 to 2024 according to the profits, or losses, for the basis period.

During the 2023 to 2024 tax year, special transition rules apply to work out the basis period for ongoing businesses. For more information see helpsheet HS222, 'How to calculate your taxable profit'. If you've started or ceased the trade in the 2023 to 2024 tax year HS222 will also help you work out your basis period for the year.

You can find the helpsheet, go to www.gov.uk and search for 'HS222'.

boxes 1.1 to 1.3 Make sure you complete these boxes for each set of 'Trust and Estate Trade' pages you complete.

boxes 1.4 and 1.5 Enter in boxes 1.4 and 1.5 the details of the period to which the information in boxes 1.24 to 1.26, or 1.27 to 1.73 and, where there's a balance sheet 1.99 to 1.115, relate. Make sure you've read the section headed 'Basis period for 2023 to 2024' above before continuing. Work out the basis period to decide the periods of account for which you need to provide details.

box 1.6 Tick box 1.6 if details in boxes 1.1 and 1.3 have changed since the last Trust and Estate Tax Return.

box 1.7 If the business started after 5 April 2023, enter the start date. You'll need Helpsheet 222, 'How to calculate your taxable profits', go to www.gov.uk and search for 'HS222' if the accounting date has changed since then.

box 1.8 If the business was sold or closed down between 6 April 2023 and 5 April 2024, enter the date it ceased in box 1.8. If this is not the same as the date in box 1.5 you must complete another set of 'Trust and Estate Trade' pages.

box 1.10 Tick box 1.10 if you're not required to provide details from any of the accounts this year. Leave boxes 1.14 to 1.73 and boxes 1.99 to 1.115 blank but complete boxes 1.97 and 1.98.

box 1.11 Tick box 1.11 if there's a gap between the end of the previous accounting period and the beginning of this one. Explain why in the 'Additional information' box, box 1.116 on Page TT4.

boxes 1.12 and 1.13 These boxes are not in use.

box 1.13A Tick box 1.13A if you used cash basis. Cash basis is a simpler way of working out your business profits or losses. You add up all your business income received and take off any allowable expenses paid in your accounting period. If the trust or estate business is subcontracting in the construction industry, your income is the full amount, before contractor deductions. Do not include money you owe or any money you're owed at your end of year date. Certain businesses cannot use cash basis.

For more information about cash basis, go to www.gov.uk/simpler-income-tax-cash-basis

If you used cash basis last year, use it again this year, unless:
- your total business income for 2022 to 2023 was more than £300,000 and your total business income for 2023 to 2024 is more than £150,000
- it no longer suits, for example, because you want to claim losses against your income

If you leave cash basis, you may need to make a transitional adjustment. If you're using cash basis for the first time, your total business income cannot be more than £150,000. The threshold amount reduces if your basis period is less than 12 months.

For more information on cash basis and transitional adjustments, go to www.gov.uk and search for 'HS222'.

Capital allowances and balancing charges

boxes 1.14 to 1.23 In working out the taxable profits you must not deduct:
- the cost of buying, altering or improving fixed assets
- depreciation or any losses that arise when you sell them

Instead, you can claim tax allowances called capital allowances. These are deducted in working out the taxable profits, include them in box 1.70 (or box 1.25). An adjustment, known as a balancing charge, may arise when you sell an item, give it away or stop using it in the business. Balancing charges are added to the taxable profits, include them in box 1.68 (or box 1.24).

You cannot claim capital allowances if you're using cash basis. The only exception is cars.

Complete boxes 1.14 to 1.23 in each set of 'Trust and Estate Trade' pages you complete. This is because separate capital allowances calculations are needed for each of the accounting periods. You can find more information about the different types of capital allowances, go to www.gov.uk/business-tax/capital-allowances

Fixtures

Under rules introduced in 2012 and 2014, a purchaser of a second-hand business property containing fixtures (such as kitchen fittings, electrical or heating systems) will not usually be entitled to claim allowances unless the past owner has 'pooled' its qualifying expenditure and has fixed the value of the fixtures.

'Pooling' includes making a claim for first year allowance or annual investment allowance for the expenditure. It is not necessary for the past owner to claim writing down allowances. As a rule, the past owner is the last person who was entitled to claim capital allowances on fixtures.

Normally, the value will be fixed by means of a joint section 198 CAA 2001 election, which must be notified to HMRC within 2 years of the property transaction. The amount the seller can bring in to any pool as the disposal value will be the same as the amount the buyer can bring in as the acquisition value for capital allowances purposes.

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Capital allowances at 18% on equipment, including cars with lower CO2 emissions

box 1.14 You can claim 18% writing down allowances (WDA) on the balance of expenditure in the main pool, any unrelieved amount is carried forward to your next period. Such expenditure includes cars bought on or after 6 April 2021 with CO2 emissions above zero g/km and not exceeding 50g/km.

See 'How to calculate a capital allowances pool balance' below.

If the final balance of qualifying expenditure in the main pool, before you claim WDA, is £1,000 or less, you can claim the small pools allowance of up to the whole amount, instead of the 18% WDA, using box 1.14.

Capital allowances at 6% on equipment, including cars with lower CO2 emissions

box 1.16 You can claim 6% WDA a year on the balance of expenditure in the special rate pool, any unrelieved amount is carried forward to your next period. Such expenditure includes:

- cars bought on or after 6 April 2021 with CO2 emissions of more than 50g/km
- integral features of a building or structure, such as electrical and water systems, lighting, lifts and escalators
- solar panels
- insulation that you've added to an existing building
- assets or equipment with a life expectancy of more than 25 years from when they were new

For more information on CO2 emissions, go to www.gov.uk/capital-allowances/business-cars

See 'How to calculate a capital allowances pool balance' below.

If the final balance of qualifying expenditure in the special rate pool, before you claim WDA, is £1,000 or less, you can claim the small pools allowance of up to the whole amount, instead of the 6% WDA, using box 51.

How to calculate a capital allowances pool balance:

- start with the unrelieved expenditure in the pool at the end of the previous chargeable period
- add the balance of qualifying expenditure for which a claim to a first year allowance (FYA) was made in the previous chargeable period (this will be nil 100% FYA)
- add all qualifying expenditure for the pool incurred in this chargeable period, exclude expenditure for which a claim to an FYA is made
- deduct the claim made to AIA
- deduct the total of all disposal values (usually receipts) for assets from the pool that are no longer used in the business
- the result is the pool's balance of qualifying expenditure

You can use the Annual Investment Allowance (AIA) (see box 1.20) wholly or partly against main pool and special rate pool expenditure (not cars).

If you use equipment or cars for both business and private purposes, you must reduce the allowances you claim by the private use proportion. You must keep a separate pool of expenditure for each of the items you use for private purposes and apply the appropriate WDA rate (18% or 6%), this is called a single asset pool. The 'small pools allowance' does not apply to single asset pools.

Electric charge-point allowance

box 1.18 You can claim 100% first year capital allowances for expenditure invested in the acquisition and installation of new and unused electric charge-points for electric vehicles. Put the amount of expenditure incurred in box 1.18.

The Structures and Building Allowance

box 1.18A If you're eligible to claim the new Structures and Buildings Allowance (SBA), put the amount of the claim in box 1.18A (unless claiming the enhanced rate of SBA for Freeports and Investment Zones tax sites, in which case, put the amount of the claim in box, box 1.18B). If you're claiming for the first time in respect of an amount of qualifying expenditure, use the 'Additional information' box, box 1.116, to record the:

- date the building first came into qualifying use or, if later, the date the qualifying expenditure was incurred
- total amount of new qualifying expenditure incurred

To check if, and how much you can claim, go to www.gov.uk/guidance/claiming-capital-allowances-for-structures-and-buildings

Freeports and Investment Zones Structures and Buildings Allowance

box 1.18B If you're eligible to claim the enhanced Structures and Buildings Allowance for Freeports and Investment Zones tax sites, put the amount of the claim in box 1.18B. If claiming for the first time in respect of an amount of qualifying expenditure, use the 'Additional information' box, box 1.116 to record the:

- Freeports and Investment Zones to which the claim relates
- address or location of the structure or building
- date the building first came into qualifying use, or if later, the date the qualifying expenditure was incurred
- total amount of new qualifying expenditure incurred
- date the first contract for construction was entered into

To check if, and how much you can claim, go to www.gov.uk/guidance/check-if-you-can-claim-enhanced-structures-and-buildings-allowance-relief-in-freeport-tax-sites

Zero-emission car allowance

box 1.18C Claim the 100% first year allowance (the full cost) of any new and unused zero emission or electric cars in box 1.18C.

If you use a car outside of your business you must reduce the claim in proportion to the non-business use.

100%, enhanced and other capital allowances

box 1.20 **Annual Investment Allowances (AIA)** – you can claim 100% AIA if you bought equipment (but not cars) during the year. There is a limit on the amount of AIA you can claim.

If you use the equipment for both business and private use, you'll need to reduce the AIA you claim by the private use proportion.

For more information about AIA and the maximum amount you can claim, go to www.gov.uk/capital-allowances/annual-investment-allowance

100% first year allowances (FYA) – in addition to the 100% FYA for expenditure incurred on electric vehicle charge points (box 1.18) and zero-emission and electric cars (box 1.18C) you can claim a 100% FYA for equipment for refuelling vehicles with natural gas, biogas or hydrogen fuel.

Business Premises Renovation Allowance

Business Premises Renovation Allowance (BPRA) is no longer available for expenditure incurred from 6 April 2017. Put any BPRA claims for expenditure incurred before 6 April 2017 in box 1.20 and any BPRA balancing events in box 1.21.

For more information about BPRA, go to www.gov.uk/guidance/business-premises-renovation-allowance-bpra

Income and expenses – annual turnover below £30,000

If the trust's or estate's business annual turnover (excluding any balancing charges) is below £30,000 for a full year, you may fill in the special, shortened income and expenses section on page TT1 (boxes 1.24 to 1.26) instead of boxes 1.27 to 1.73 on page TT2. If the turnover was for a period of less than 12 months, reduce the figure of £30,000 proportionately.

For example, if the trust or estate only traded for 6 months you must fill in boxes 1.27 to 1.73 if the turnover is more than $^6/_{12}$ x £30,000 = £15,000.

But you must fill in one section or the other, and complete boxes 1.14 to 1.23 if you're claiming capital allowances or have any balancing charges.

Total of balancing charges

box 1.23 Balancing charges may arise following a disposal or balancing event, such as the sale, loss or destruction of assets or on the cessation of the business use, where the proceeds from the event are more than their tax value. If you sell an item you've claimed capital allowances on, and the sale proceeds or value of the item is more than the pool value or cost, you'll have to pay tax on the difference (a 'balancing charge'). This includes items where the pool value is nil, because you claimed all of the cost previously. The total of all balancing charges is accounted for at box 1.23.

box 1.24 Enter the turnover and any other taxable business receipts in box 1.24. You will also need to include the normal selling price of all goods taken out of the business for personal use by the trustees or personal representatives, or for their families or friends, minus any sum paid into the business for the goods taken. This is because any sum paid into the business should already be included in the turnover figure, like other sales. Include any balancing charges from box 1.23.

box 1.25 Enter the allowable business expenses in box 1.25. Make sure you do not include any items that are not allowable against tax. Go to www.gov.uk and search for 'HS222' where you will find information on business expenses. Include any capital allowances from box 1.22.

Income and expenses – annual turnover of £30,000 or more

If the trust's or estate's business annual turnover is £30,000 or more, you must fill in boxes 1.27 to 1.73 on page TT2.

• Value Added Tax (VAT)

boxes 1.27 and 1.28 If the trust or estate is not registered for VAT, the sales figure will not include any VAT. Include VAT in boxes 1.30 to 1.64. There's no need to tick either box 1.27 or 1.28. If the trust or estate is registered for the VAT Agricultural Flat Rate Scheme, include any flat rate additions charged to customers in the sales figures. Expenses should include VAT. There is no need to tick either box 1.27 or box 1.28.

If the trust or estate is registered for VAT, you may enter details of the business income and allowable expenses either all net of VAT or all inclusive of VAT. Where you adopt the latter approach, then either include the net payment to us as an expense in box 1.63, or include any net repayment received from us as a taxable receipt in box 1.50. Tick either box 1.27 or box 1.28 to show whether entries in boxes 1.29 to 1.64 include or exclude VAT.

If the trust or estate registered for VAT during the period, include VAT in the expenses up to that date, regardless of whether later sales and expenses are recorded inclusive or exclusive of VAT.

Tick box 1.27 and include in the 'Additional information' box, box 1.116 on page TT4 the following details:

- a note that the trust or estate registered for VAT during the period
- the date of the registration
- whether sales and expenses from the registration date are VAT inclusive or exclusive

Similar action is needed if the VAT registration was cancelled during the period, except that the details to appear in the 'Additional information' box should refer to the date of deregistration and whether sales and expenses before that date are inclusive or exclusive of VAT. Include VAT in the expenses from the deregistration date.

If the trust or estate is registered for VAT and the goods supplied are zero rated (so that sales figures do not include any VAT), tick either box 1.27 or box 1.28 to show whether entries in boxes 1.30 to 1.64 include or exclude VAT.

If the trust or estate is registered for VAT, but treated by us as partly exempt for the purposes of calculating taxable profits, business expenditure includes any input tax that is not claimable. Where you complete boxes 1.29 to 1.64 on a VAT inclusive basis entering the net payment to, or net repayment from us, in boxes 1.63 and 1.50 respectively, will reflect this. However, if you complete the boxes on a VAT exclusive basis please make sure that expenses figures include any relevant input tax not claimed for VAT purposes.

The calculation of the net payment to (or repayment from) us may have included VAT on capital items purchased during the year; for example, on assets or rights that are of lasting use to the business and which are not bought or sold as part of ordinary trading operations. These might include business premises, plant, machinery, vehicles and trade rights. If you enter details of income and expenses inclusive of VAT on the 'Trust and Estate Trade' pages, make a note of the VAT on those capital items in the 'Additional information' box, box 1.116 on page TT4. Add that amount to the net payment to us which you include as an expense in box 1.63 or deduct it from the net repayment you include as a taxable receipt in box 1.50.

If you're in any doubt about the correct treatment of VAT on the 'Trust and Estate Trade' pages, ask us or your tax adviser. Contact us for more general guidance about VAT issues.

• Sales or business income (turnover)

box 1.29 Enter the amount of the turnover in box 1.29. If it includes income from which an amount on account of tax (Construction Industry) has been deducted or tax has been deducted, use the gross amount. Enter the amount deducted between 6 April 2023 and 5 April 2024 on account of tax (Construction Industry) in box 1.97 or the amount of tax deducted in box 1.98.

• Business expenses

boxes 1.30 to 1.63 Include all business expenses in boxes 1.46 to 1.48 and 1.51 to 1.63. You can use flat rate amounts for certain business expenses rather than the actual amount. You'll find information on flat rate amounts (simplified expenses) in Helpsheet 222.

If you use actual expenses, you can only claim for expenses which are incurred wholly and exclusively for business purposes. Some of the amounts you enter in boxes 1.46 to 1.48 and 1.51 to 1.63 may not be allowable for tax purposes. Enter any disallowable amounts in boxes 1.30 to 1.45 and the total in box 1.66.

Disallowable amounts may be expenses that are not allowable at all for tax (such as entertainment expenses and depreciation of fixed assets) or the disallowable part of expenses (such as motor expenses, if a vehicle is used for private as well as business mileage).

If you use simplified expense flat rate amount, you do not need to make any adjustment.

Example 1
Total motor expenses included in box 1.55 are £3,000 and one-third of the mileage is private. You can only claim two-thirds of the cost against tax, that is £2,000. Enter the private use proportion of £1,000 in box 1.37.

You can calculate certain expenses including motoring expenses using a flat rate amount rather than actual costs. You will find information on simplified expenses, flat rate amounts in Helpsheet 222 'How to calculate your taxable profits'. Go to www.gov.uk and search for 'HS222'.

Helpsheet 222 also gives information on other expenses. Use it to help you fill in the boxes 1.30 to 1.63.

If any of the amounts in boxes 1.46 to 1.48 and 1.51 to 1.63 are recoverable under an insurance, include them in the disallowable expenses to be entered in boxes 1.30 to 1.45 unless they're already in box 1.29 or box 1.50.

Other income or profits

box 1.50 Enter in box 1.50 any business income that you did not include as turnover in box 1.29.

Other examples might include rental income and interest from a business bank or building society account. If you're including this income in a different place on the Trust and Estate Return make sure that you deduct it at box 1.71. For example, bank interest included n page 4 of the Trust and Estate Tax Return must not be included in the net business profit or loss in box 1.73.

Additional information

Use the 'Additional information' box, box 1.116 on page TT4 if you want to explain any of the figures in more detail. For example:

- particulars of any significant or unusual items (either income or expenditure) included in the figures
- details of receipts or expenditure connected with the business which for any reason are not included in the figures
- an explanation of any tax adjustment to the net profit where the reason is not apparent from these figures
- an explanation of any items not included in the accounts information, but which affect the taxable profits

This may avoid unnecessary enquiries being made. You can get more help from Helpsheet 229, 'Information from your accounts'. Go to www.gov.uk and search for 'HS229'.

Tax adjustments to net profit or loss

box 1.66 Enter in box 1.66 the total of disallowable expenses in boxes 1.30 to 1.45.

box 1.67 Enter in box 1.77 adjustments for goods taken out of the business for personal use by the trustees or personal representatives, or for their families or friends. The adjustment is the normal selling price of all goods taken out for such use, minus any sum paid into the business for the goods and which you've already included in the turnover in box 1.29.

box 1.71 Use box 1.71 for any adjustments (deduct from a profit or add to a loss) for any amounts you took into account in arriving at the net profit or loss, but which are either not taxable receipts or are not taxable as profits from the trade or profession. Any taxable income in box 1.71 must be included in the appropriate part of the Trust and Estate Tax Return.

Foreign tax

You may be able to claim a credit against the UK tax bill if the business income includes amounts that have been taxed abroad. To do so, fill in the 'Trust and Estate Foreign' pages. Go to www.gov.uk and search for 'SA904'. This will usually be the most beneficial way to claim relief for the foreign tax paid.

If you do not wish to claim tax credit relief, you may instead deduct the foreign tax in working out the taxable profit or loss. Enter in box 1.71 the amount of foreign tax paid on the foreign income included in the 'Trust and Estate Trade' pages. Exclude this tax from the 'Trust and Estate Foreign' pages.

If you're claiming overlap relief this year for an amount on which you claimed tax credit relief in an earlier year, you'll need Helpsheet 260, 'Overlap relief' if you want to calculate the tax. Go to www.gov.uk and search for 'HS260'. Otherwise, enter details of the amount claimed in the 'Additional information' box, box 1.116 on page TT4. Please note that due to basis period reform overlap relief will no longer be available after 2023 to 2024.

Adjustments to arrive at taxable profit or loss

Only calculate the taxable profit or loss for 2023 to 2024 once, even if you're providing details from more than one set of accounts for this year. Use the 'Adjustments to arrive at taxable profit or loss' section in the set of 'Trust and Estate Trade' pages for the most recent set of accounts.

boxes 1.74 and 1.75 Enter the dates the basis period for 2023 to 2024 starts and ends in boxes 1.74 and 1.75. The basis period is explained on page TTN3 of these notes. HS222 'How to calculate your taxable profit' will also help determine your basis period for the 2023 to 2024 tax year.

boxes 1.76 and 1.77 Copy the profit or loss from box 1.26 or box 1.73, whichever is appropriate, to box 1.76. If you ticked box 1.10 enter '0' in box 1.76 and include the appropriate amount of any profit returned last year in your entry in box 1.77.

If the basis period is not the same as the period covered by the accounts, calculate the profit or loss of the basis period by adding together and or apportioning the profits or losses of the periods you've accounts for. Enter in box 1.77 any amount that needs to be added to, or deducted from, the figure in box 1.76. Do not include any transition profit or loss in this box. Helpsheet 222, 'How to calculate your taxable profits' explains how to calculate the adjustment.

If the adjustment means that you've to deduct a figure at box 1.77, show the figure in brackets and remember to subtract it in arriving at the total taxable profits.

Overlap relief

boxes 1.78 to 1.80

Overlap profits and relief

If the trust's or estate's annual accounting date is a date other than 5 April then overlaps in its basis periods may have occured in:

- the first 3 years after its business starts up
- a year in which there's a change of accounting date

You may be due overlap relief for the profit (the overlap profit) which arose in any overlap period. After the 2023 to 2024 tax year overlap relief will no longer be available.

Overlap relief may be due for 2023 to 2024 if the:

- business ceased in 2023 to 2024
- accounting date changed in a previous tax year and no overlap relief was deducted at the time

Enter in box 1.78 any unused overlap profit (including any unused transitional overlap profit) brought forward from 2022 to 2023; in box 1.79 any overlap profit used in 2023 to 2024; if you've transition part profit as a result of basis period reform, use box 1.84B to use any overlap relief due and not box 1.79.

You can find more information if you're affected by basis period reform and how to claim overlap relief in Helpsheet 222, 'How to calculate your taxable profits'. Go to www.gov.uk and search for 'HS222'.

box 1.81 If the trust or estate business is farming or market gardening or a creator of literary or artistic works, you may be able to claim to average profits over 2 or 5 years for farmers and market gardeners, 2 years only for creators of artistic works. You can find more information online in Helpsheet 224, 'Farmers and market gardeners', go to www.gov.uk and search for 'HS224' or in Helpsheet 234, 'Averaging for creators of literary or artistic works', go to www.gov.uk and search for 'HS234'.

boxes 1.83 and 1.84 If box 1.76 and the adjustments in boxes 1.77 and 1.79 result in a profit and you have not claimed farmers' averaging (box 1.81), enter this profit in box 1.83 and '0' in box 1.84. If you've claimed farmers' averaging (box 1.81), adjust the profit by that amount and enter the result in box 1.83 and '0' in box 1.84.

Please also see the notes for box 1.84A and HS222 to check if you are affected by basis period reform.

If box 1.76 and the adjustments in boxes 1.77 and 1.79 result in a loss, enter this figure in box 1.84 and '0' in box 1.83 unless you have claimed farmers' averaging in box 1.81. If you have, enter this figure in box 1.83 (and the loss in box 1.84).

If the trust or estate business has made a loss, you may be able to claim tax relief for that loss. You can find more information on losses in Helpsheet 227, 'Losses'. Go to www.gov.uk and search for 'HS227'

Time limits – some claims must be made by 31 January 2025. Make sure that any claims you may wish to make are made within the time limit prescribed. Late claims cannot normally be accepted.

box 1.84A For information about whether you're affected by basis period reform and overlap relief go to www.gov.uk and search for HS222.

You will have a transition profit or loss if you've a trade that commenced prior to 2023 to 2024 (which did not cease) and your previous basis period ended before 31 March 2023.

Due to basis period reform for 2023 to 2024 the basis period will comprise different components depending on when your previous basis period ended.

The first of those components is the standard part which is the first 12 months beginning immediately after the end of your basis period for 2022 to 2023. If this standard part ends before 31 March 2024, then you will have a transition part, which begins immediately after the standard part ends and runs until 5 April 2024, or until your accounting date, if this is between 31 March and 4 April 2024. The amount of profit or loss for this period should be entered in box 1.84A.

If the standard part ends between 31 March 2024 and 5 April 2024, you will not need to complete box 1.84A.

If you've a transition part loss you should deduct this amount from your standard part profit when calculating your taxable profit at box 1.90.

box 1.84B If you have any previously unused overlap relief and a transition part profit or loss in the year you must use your overlap relief against your transition part profit or loss.

After 2023 to 2024 overlap relief will not be available and any unused relief will be lost. If you have unused overlap relief but no transition part profit or loss, use box 1.79 to use your unused overlap relief.

box 1.84C If you have transition profits (after overlap relief) for the 2023 to 2024 tax year, these profits will be spread over the next 5 tax years. Calculate box 1.84A less box 1.84B. Enter 20% of this amount in box 1.84C. This will increase your chargeable profits in the year by this amount.

You can elect to accelerate the amount of transition profits charged to tax in any one year and this will proportionately reduce amounts due to be charged in later years. If you wish to accelerate transition profits enter the full amount of transition profits chargeable in the year (20% plus accelerated amount) in box 1.84C and the full details of your election including the amount accelerated in the Any Other Information section at box 1.116.

box 1.84D If you have any losses of the business brought forward from earlier years you can set these against your transition profits up to the amount in box 1.84C. If your loss brought forward exceeds your transition profits, the remaining amount is available to use against your standard part profit, or to be carried forward if you've no standard part profit. If you've used all your losses brought forward against your transition profits you cannot set them against your standard part profit.

If you have a loss in the transition year you may be able to carry it back for 3 years. Please see Helpsheet 227.

box 1.85 If you wish to use the 2023 to 2024 loss against other trust or estate income for 2023 to 2024, enter the amount you're using in box 1.85 (also read Helpsheet 227, 'Losses').

box 1.86 If you want to claim for relief for the 2023 to 2024 loss to be calculated by reference to income of an earlier year, or years, enter the amount of the loss in box 1.86. If you've already made a claim for the relief to be calculated in this way, still include the loss in box 1.86, and provide details in the 'Additional information' box, box 1.116 on page TT4.

box 1.87 Enter in box 1.87 any losses made in 2023 to 2024 that you claim to carry forward against later profits.

boxes 1.88 and 1.89 Enter in box 1.88 any losses made in the same business in earlier years, which you claimed to carry forward against later profits, and have not already used.

Use that loss against any profit in box 1.83. Enter the loss in box 1.89 or the amount of profit in box 1.83 if this is less than the loss.

box 1.91 Enter any amounts not included elsewhere in the 'Trust and Estate Trade' pages but which are needed to calculate the taxable profits, such as reverse premiums. These are payments or benefits, which are received as an inducement to take a lease of property. If the leased property is to be occupied for trade purposes, the premium will be a taxable receipt. If you're in any doubt about the proper tax treatment of any particular receipt, ask us or your tax adviser.

boxes 1.92 and 1.93 Enter in box 1.92 the total of boxes 1.90 and 1.91. Do not enter your transition profit figure from box 1.84C in this box. If you're unable to complete the income and expenses section of these pages because it's impossible to prepare the figures to arrive at the taxable profit before the latest date for sending the Trust and Estate Tax Return, provide an estimate of the taxable profit in box 1.92 and tick box 1.93. Read the notes on page TTN2 of these notes and page 25 of the Trust and Estate Tax Return Guide and then tick box 21.5 on page 11 of the Trust and Estate Tax Return. It would also help us if in the 'Additional information' box, box 21.9 you:

- say why you cannot give a final figure in box 1.92
- give an approximate date on which you expect to be able to give us your final figure

Subcontractors in the construction industry

box 1.97 If the trust or estate business is subcontracting in the construction industry and received some payments under the Construction Industry Scheme (CIS), enter the total of the deductions made on account of tax for the period 6 April 2023 to 5 April 2024 in box 1.97. Check that you've entered the gross amount before contractor deductions for the accounting period in boxes 1.24 and 1.29.

CIS deductions are shown on payment and deduction statements that you should have received from the contractors you worked for. If you've not received these payment and deduction statements, ask your contractors to provide them. If you still cannot get them, please give these details:

- name and address of the contractor
- months payments was made to you
- amount of the gross payment
- amount of deduction

If you were given a payment and deduction statement, but you've lost your copy, ask the contractor to give you another copy.

You do not have to send the payment and deduction statements with the Trust and Estate Tax Return.

If you've already claimed repayment of CIS deductions for 2023 to 2024 still enter the total amount of CIS deductions for the year in box 1.97. Enter the amount of the repayment already refunded in box 21.6 on page 11 of the Trust and Estate Tax Return.

Tax taken off trading income

box 1.98 Enter in box 1.98 any tax taken off trading income excluding CIS deductions between 6 April 2023 and 5 April 2024.

Summary of balance sheet

boxes 1.99 to 1.115 If the trust or estate has business accounts, and they include a balance sheet, copy the entries to the appropriate boxes. If the accounts do not contain a balance sheet, or the turnover was less than £30,000, leave these boxes blank.

Make sure that you've transferred all of the figures to the summary, and that each is included once only. Only include figures appearing in the balance sheet.

Use your judgement to transfer the figures from the accounts to the most appropriate boxes. Depending on the circumstances of the business, certain elements in the balance sheet may appear either as assets or as liabilities. For example, a bank account with business funds in it will be an asset while an overdrawn account will be a liability. For the former, enter the balance in box 1.103. For the latter, enter the balance in box 1.107.

Other elements that might be affected in this way are most commonly the Capital Account balances and the net profit or loss. Where a balance on the Capital Account is overdrawn, or the business made a net loss in the year, enter the amount in brackets.

The figure of net profit or loss appearing in the balance sheet should be the same as that which you entered in box 1.65 for the same period.

The figure for net business assets (box 1.110) should be the same as the figure for the balance of the Capital Account at the end of the period (box 1.115).

Farmers and market gardeners

You will need Helpsheet 224, 'Farmers and market gardeners' which explains:

- the special rules for averaging profits over 2 or 5 years in some circumstances
- the herd basis for calculating profits which can be used by production livestock farmers

Methods of farm stock valuation acceptable to us are explained in Helpsheet 232, 'Farm and stock valuation', go to www.gov.uk and search for 'HS232'.

Glossary

Balancing charges – withdrawal of some or all of the capital allowances previously given. They arise when fixed assets stop being used in your business.

Basis period – the period used to identify the profits taxable in any particular tax year.

Capital allowances – allowances against tax for the cost of certain fixed assets.

Fixed assets – assets such as buildings, plant and machinery or vehicles used in the business but not bought and sold as part of ordinary trading operations. For example, if the trust's or estate's business is plumbing, the van and tools are fixed assets but pipes or boilers are not (they are stock). The cost of buying fixed assets is called capital expenditure.

Overlap profit and overlap relief – overlap profits arose when basis periods overlapped so that the same profits were taxable in 2 different tax years. Overlap relief deducts the overlap profits in a later tax year so that over the life of the business you do not pay tax on more profits than are earned. 2023 to 2024 is the final year to use any overlap relief due to basis period reform.

Stock – raw materials used in the business and goods bought for resale, which are on hand.

Trade – any commercial operation supplying goods or services to a customer for profits is likely to be regarded as a trade. Ask us or your tax adviser (if you've one) if you're in doubt whether the trust or estate carried on a trade, profession or vocation during 2023 to 2024.

Trade creditors – money owed to other businesses for goods or services received, but unpaid at the accounting date.

Trade debtors – money owed to the business for goods sold or work done that is included in turnover, but remains unpaid at the accounting date.

Turnover – all the money earned by the business before deducting any business expenses. It includes receipts in cash or in kind for goods sold or work done, commission, fees receivable, tips, insurance proceeds for stock and loss of profits. Do not include amounts received from the sale of capital items, that is, assets which are of lasting use to the business, such as business premises, plant, machinery or vehicles.

Include turnover in the accounts when it's earned, even if the money is not received until later. Amounts earned but not received by the accounting date – trade debtors – should therefore be counted as turnover. This will include goods delivered or services completed by the accounting date, even if a bill had not been issued by then. But make sure that you do not count money received which was included as turnover in an earlier period when it was earned.

Work in progress – partially manufactured stock on hand, or partially completed work on contracts under which the trust or estate business provides services.