

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 2025.

If you complete a paper Trust and Estate Tax Return you must make sure that this reaches us by 31 October 2025. 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 2025 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 2026.

So if you do not know what tax to pay, make an estimate and pay that by 31 January 2026. 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 2026 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 2026 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 2026 you must:

- pay the balance of any tax the trust or estate owes for 2024 to 2025
- pay the first payment on account for the 2025 to 2026 tax year, if appropriate

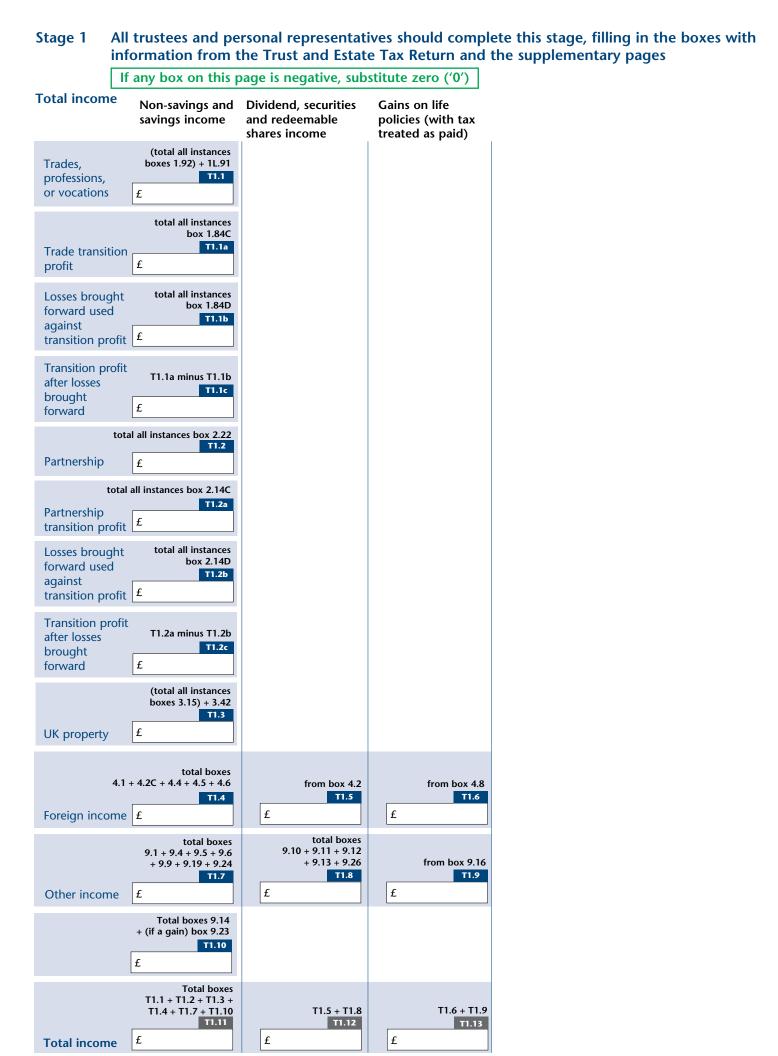
You must pay what you owe by this date to avoid interest and possibly a late payment penalty.

If you need help, then please ask us.

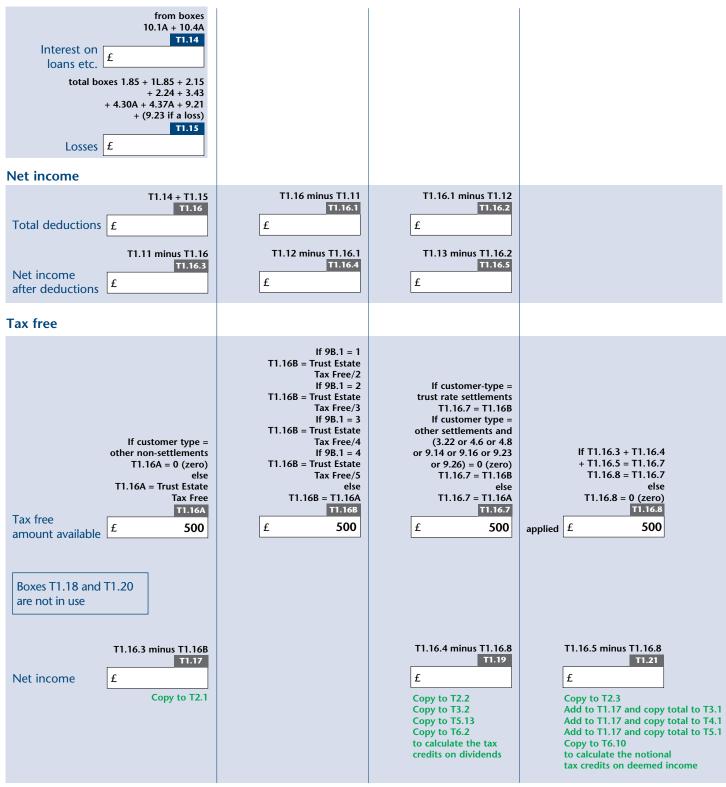
Layout of the calculation

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.
- **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 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 6brings 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 7makes 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 2026, or what we have to pay you, and checks if you'll have to make 2025 to 2026 payments on account.
- **Stage 9** is for trustees who make discretionary payments to beneficiaries.



Deductions



Personal representatives: now go to stage 2.

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

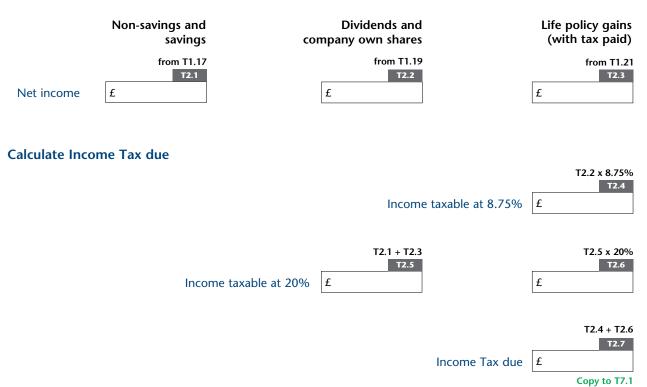
Trustees of other non-settlement: now go to stage 4.

Other trustees, not taxable at the trust rate or the dividend trust rate: 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.

Calculate tax credits on UK dividends received through Lloyd's			
Total dividends and distributions plus tax credit	from 1L.14 T2.8 £	lower of T2.1 and T2.8 T2.9 £ Copy to T6.4	
Calculate tax credits on foreign	n dividends received throug	h Lloyd's	
Dividends from overseas sources that qualify for UK tax credit	box 1L.25 T2.10 £	T2.1 minus T2.9 T2.11 £	
		lower of T2.10 and T2.11 T2.12 £	
Calculate notional tax on divid	lends received through Lloy	d's	
Total stock dividends and distributions plus notional Income Tax	from 1L.17 T2.13 £	T2.11 minus T2.12 T2.14 £ lower of T2.13 and T2.14 T2.15 £ Copy to T6.7	

Now go to stage 6 – ignore stages 3 to 5

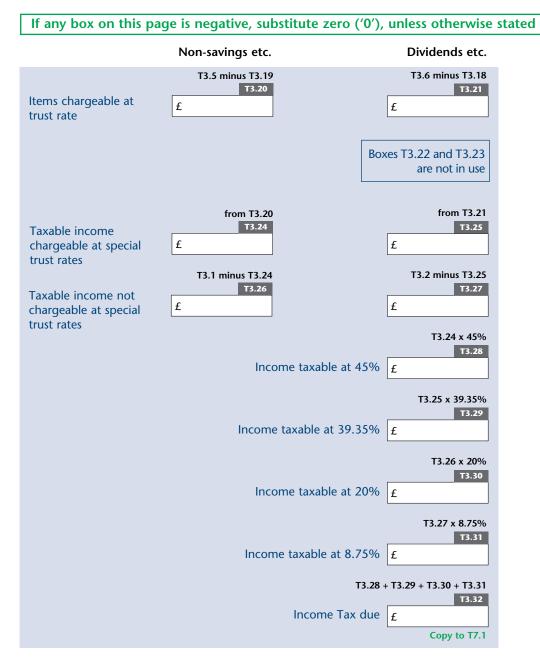
This section should be completed by trustees who are taxable at the trust rate or the dividend trust rate Stage 3

If any box on this page is negative, su	ubstitute zero ('0')	
	Non-savings and savings	Dividends and company own shares
Net income	T1.17 + T1.21 T3.1 £	from T1.19 T3.2 £
Income to beneficiary (non-discretionary) + Income for specific purposes charged at 10% basic rate	boxes 13.11 + 13.17 T3.3 £	boxes 13.7 + 13.13 T3.4 £
ltems chargeable at trust rate	T3.1 minus T3.3 T3.5	T3.2 minus T3.4 T3.6 £

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.

Total Trust Management Expenses Income not liable to UK Income Tax	from box 13.19 f f from box 13.21 f f f Total income Expenses applicable to income not liable to UK Income Tax (non-resident trusts only) Expenses applicable to income not liable at the trust rate	3.8 + T1.11 + T1.12 + T1.13 T3.9 f If T3.9 > 0 T3.10 = T3.7 x T3.8/T3.9 else T3.10 = 0 (zero) T3.10 f from box 13.20 T3.11 f T3.7 minus (T3.10 + T3.11) T3.12 f	
		Dividends etc.	Non-savings etc.
	Notional maximum amount of net Trust Management Expenses which could be allowed against income	T3.6 x 91.25/100 T3.13 £ lower of T3.12 and T3.13 T3.15 £	T3.5 x 80/100 T3.14 £ T3.12 minus T3.15 T3.16 £ lower of T3.14 and T3.16
	Grossed up Trust Management Expenses	T3.15 x 100/91.25 T3.18 £	T3.17 £ T3.17 × 100/80 T3.19 £

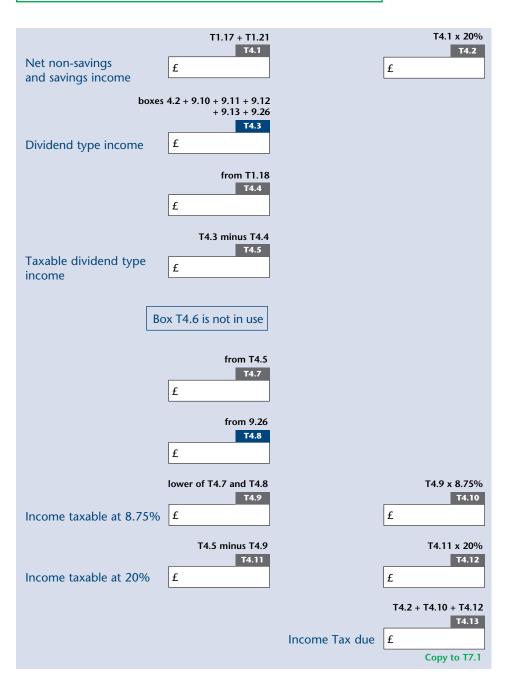
Determine taxable income chargeable at special trust rates



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')



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	
T5.1	
Net 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 T5.3	
£	
T5.2 + T5.3 lower of T5.1 and T5.4	
T5.2 + T5.3 lower of T5.1 and T5.4	
£	
T5.1 minus T5.5	T5.6 x 20%
T5.6	T5.7
Income taxable at 20% £	£
	Boxes T5.8, T5.9 and T5.10 are not in use
T5.5 minus T5.9	T5.11 x 45%
T5.11	T5.12
Income taxable at Trust Rate £	£
from T1.19	
T5.13	
Net dividend type income £	
from box 9.26 lower of T5.13 and T5.14	
T5.14 T5.15	
T5.13 minus T5.15	T5.16 x 8.75%
T5.16 £	£
	Boxes T5.18, T5.19 and T5.20 are not in use
from T5.15 T5.21	T5.21 x 39.35% T5.22
£	£
	T5.7 + T5.12 + T5.17 + T5.22
	Т5.23
	Income Tax due <u>f</u>
	Copy to T7.1

Now go to stage 6

Stage 6 Calculate tax paid and tax credits

All trustees and personal representatives complete this section.

Calculate non-payable tax credits

If any box on this page is negat	ive, substitute zero	o ('0')		
Tax credits on UK dividends	from box 9.10 + 9.11 + 9.13 + 9.26			
Dividends	£			
Net dividend income	from box T1.19 T6.2 £	lower of T6.1 and T6.2 T6.3 £		lf box 6.2 = N T6.6 = 0 (zero)
		from T2.9 T6.4 £	T6.3 + T6.4 T6.5 £	else T6.6 = T6.5 x 8.75% T6.6 £ Copy to T7.16
Notional tax on dividends		from T2.15 T6.7 £		Т6.7 x 8.75% т6.8 £
Notional tax on life gains				
Gains on life insurance policies etc.	boxes 4.8 + 9.16 T6.9 £			
Net gains income	from T1.21 T6.10 £	lower of T6.9 and T6.10 T6.11 £		T6.11 x 20% T6.12 £ Copy T6.8 + T6.12 to T7.10

Add together tax paid

	boxes 1.97 + 1.98
Self Employment	T6.13
from question 1	£
	boxes 1L.8 + 1L.53
Lloyds	T6.14
from question 1L	£
	from box 3.21
Income from property	T6.15
from question 3	£
	boxes 4.1A + 4.2A + 4.2B + 4.3 + 4.10A
Foreign	T6.16
from question 4	£
	boxes 9.3 + 9.8 + 9.18
Savings interest	T6.17
from question 9	£
	T6.13 + T6.14 + T6.15 + T6.16 + T6.17
	T6.18
Total tax paid	£
	Copy to T7.26

Stage 7 Work out Income Tax and Capital Gains Tax due for 2024 to 2025

All trustees and personal representatives complete this section.

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

Total Income Tax due from TTCG6 or TTCG8 or TTCG9 or TTCG10 excluding any transition profit

	From T2.7 + T4.13	
6		T7.1
£		

T7 1a

set T1.11 = T1.1 + T1.2 + T1.3 + T1.4 + T1.7 + T1.10 + T1.1c + T1.2c.

Follow calculation from T1.11 to T5.23 and calculate T7.1. T7.1.1 = T7.1.

If the type of Trust is Discretionary and box 8.12 = No and box 6.2 = No

T9.4 = T3.29

T9.7 = T3.28 T9.12 = T3.31

Set T1.11 = T1.1 + T1.2 + T1.3 + T1.4 + T1.7 + T1.10 and follow calculation from T1.11 to T5.23 to calculate T7.1. Do not recalculate T9.4, T9.7 and T9.12.

Else T7.1.1 = 0 (zero)

Total Income Tax due from TTCG6 or TTCG8 or TT	CG9 or TTCG10 including	g any transition profit	17.1a
Tax due on transition profit			T7.1a minus T7.1 T7.1b £ T2.7 + T3.32 + T4.13 + T5.23 + T7.1b
Income Tax due			Т7.1с £
Calculate relief for finance costs	boxes 3.46 + 3.47		
Finance costs	£ from box 3.42	lower of T7.2 and T7.3	
Adjusted profit	17.3	17.4 £	
Figure costs	boxes 4.4A + 4.4B		
Finance costs	£ from box 4.4 T7.6	lower of T7.5 and T7.6	
Adjusted profit	£	£ T7.4 + T7.7	
Relievable amount		17.8	
Relief for finance costs		T7.8 x 20%	
		£ T6.8 + T6.12 T7.10	
Notional tax		£ from box 4.9	T7.9 + T7.10 + T7.11
Foreign Tax Credit Relief		177.11 £	т7.12 £
			T7.1c minus T7.12 T7.13
		boxes 10.3A + 10.6A + 11.2	£ T7.13 + T7.14 T7.15
Patent Royalties, recoverable tax on charges and annual payments made out of capital		£	£

Dividends from UK companies

Pension payment charges

Vulnerable beneficiary relief

Tax pool adjustment

Employee benefit relief

Tax paid

Income Tax due

from box 17.10 **T7.18** from box 10.1B **T7.20** from T9.29 **T7.22** from box 10.1C **T7.24**

£

£

£

£

£ T7.17 + T7.18 T7.19 £ T7.19 minus T7.20 T7.21 £ T7.21 + T7.22 T7.23 £ T7.23 minus T7.24 T7.25 £ This box can be negative from T6.18 T7.26 £ T7.25 minus T7.26 T7.27 £

from T6.6 T7.16

T7.17

T7.15 minus T7.16

£

This box can be negative

Capital Gains Tax				
If any box on this page is	negative, substitute zero ('0)) unless oth	erwise stated	
Chargeable gains			from box 5.8	T7.28 x 24%
Residential property			£	£ 77.29
Non-resident Capital Gains	if box 5.36 is less than 0 (zero) T7.29A = 5.36 (absolute value) else T7.29A = 0 (zero) T7.29A Loss £		is greater than 0 (zero) ninus (T7.29B + T7.29C) else T7.30 = 0 (zero) T7.30	T7.30 x 24% T7.31 £
		T7.31A = (T7.29 else T7.31A = T7	is greater than 0 (zero) 9B + T7.29C) minus 5.36 7.29A + T7.29B + T7.29C T7.31A	
		Unused loss	£	
	if box 5.36A is less than 0 (zero) T7.29B = 5.36A (absolute value) else T7.29B = 0 (zero) T7.29B		is greater than 0 (zero) B = 5.36A minus T7.31A else T7.31B = 0 (zero) T7.31B	
	Loss £		£	
			is greater than 0 (zero) C = T7.31A minus 5.36A else T7.31C = T7.31A T7.31C	
		Unused loss	£	
	if box 5.36B is less than 0 (zero) T7.29C = 5.36B (absolute value) else T7.29C = 0 (zero) T7.29C Loss f		is greater than 0 (zero) D = 5.36B minus T7.31C else T7.31D = 0 (zero) T7.31D	
			T7.31B + T7.31D T7.31E	T7.31E x 20%
Other property, assets and gains			£	£
			from box 5.16 T7.32	T7.32 x 20%
Other gains			£	£
			5.17 + 5.17A T7.34	T7.34 x 10%
Gains that qualify for Business As	sset Disposal Relief and/or Invest	ors' Relief	£	£
				5.8B + 5.17B + 5.37A
Adjustment to Capital Gains Tax				£
			(T7.29 + T7.31 + T7.3	1F + T7.33 + T7.35) + T7.35A
T. I.T. II. C.			(17.22 + 17.31 + 17.3	T7.36
Total Taxable Gains				£

If any box on this page is negative, substitute zero ('0') unless	otherwise stated	
Foreign Tax Credit Relief for foreign tax paid and Special Withholding Tax deducted on chargeable gains reported on the 'Trust and Estate Capital Gains' pages	from box 4.10 T7.37 £	
Vulnerable beneficiary election – amount of relief claimed	from box 5.6 T7.38 £	T7.36 minus (T7.37 + T7.38 + T7.39)
Vulnerable beneficiary election – amount of relief claimed	from box 5.14 T7.39 <i>f</i> boxes 5.8A + 5.37	(17.39) T7.39A
Tax on gains already paid	£	T7.39A minus T7.40
Total Capital Gains Tax due	T7.40 minus T7.39A	17.40A
Capital Gains Tax overpaid	£	
Income Tax due	T7.25 minus T7.26 T7.41A £	lower of T7.41 and T7.41A
Minus Capital Gains Tax overpaid reducing Income Tax	T7.41 minus T7.41A	£
Remaining amount of Capital Gains Tax overpaid	£	
Income Tax due		T7.27 + T7.40A T7.42A £
Income Tax due after Capital Gains Tax overpayment reduction		This box can be negative T7.27 minus T7.41B T7.428 £ This box can be negative
Income Tax and Capital Gains Tax due for 2024 to 2025 Copy this figure to box 17.1 in the Trust and Estate Tax Return		This box can be negative T7.40A + T7.42B T7.43 <u>f</u> This box can be negative

Stage 8 All trustees and personal representatives complete this section

Box T8.2 Enter in box T8.2 the amount of any repayment of 2024 to 2025 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 2024 to 2025 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 2024 to 2025, 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 2024 to 2025, 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 2024 to 2025 even though it's calculated by reference to the circumstances of the earlier year. If you need help, ask us or your tax adviser.

ox on this page is negative, substitute zero ('0')	
from T7.43 T8.1 f. f. f. This box can be negative from box 21.6	
2024 to 2025 tax already refunded £	
Any adjustment increasing the tax due, from box 17.2 calculated by reference to earlier years (see Notes and on 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
justment reducing the tax due, calculated by reference to from box 17.4 ryears (see Notes and on the Trust and Estate Tax Return) 7.3 and copy this figure to box 17.4 in the Trust and Estate Tax Return from box 17.9	£ This box can be negativ
Any 2025 to 2026 repayment (see Notes)	
Payments already made T8.7	Т8.5 + Т8.6 + Т8 т8.8

Tax payable for 2024 to 2025 If box T8.9 is positive, this is the tax you owe If box T8.9 is negative, this is the tax we owe you

Calculation of payment on account for 2025 to 2026

	from T7.27
	Т8.10
£	

Income Tax bill for 2024 to 2025

Working out payments due by 31 January 2026

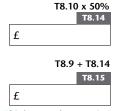
Stage 8

If box T8.10 is less than \pounds 1,000, you do not need to make payments on account. Tick box 17.6 in the Trust and Estate Tax Return. Otherwise, leave box 17.6 blank and continue.

	T7.10 + T7.24 + T7.26
Tax deducted at source,	т8.11
notional tax, tax credits, etc.	£
	T8.10 <u>+ T8.11</u>
	T8.12
	£
	T8.12 x 20%
	T8.13
	£

If box T8.10 is less than T8.13, you do not need to make payments on account. Tick box 17.6 in the Trust and Estate Tax Return. Otherwise, leave box 17.6 blank and continue.

The amount of each payment on account for 2025 to 2026



£

This box can be negative

This box can be negative

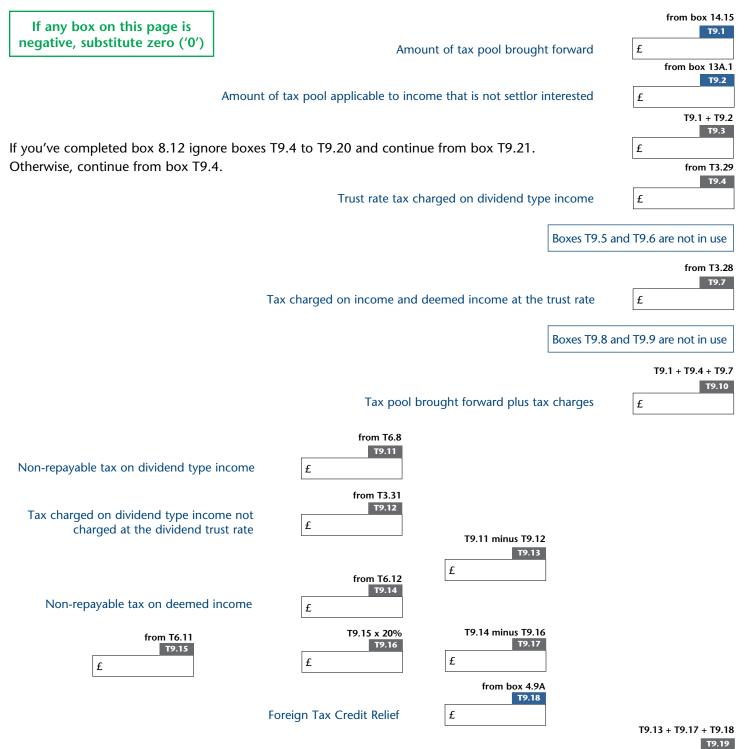
Payment due by 31 January 2026 If box T8.15 is positive, this is the tax you owe If box T8.15 is negative, this is the tax we owe you

Stage 9 Calculation of tax pool for 2024 to 2025. 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 2024 to 2025. Any excess in the tax pool is carried forward to the tax pool for the tax year 2025 to 2026. Tax paid in a year when the trustees are non-resident does not enter the tax pool.



Total deduction of non-repayable tax etc.

£

