

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 2023.

If you complete a paper Trust and Estate Tax Return you must make sure that this reaches us by 31 October 2023. 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 2023 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 2024.

So if you do not know what tax to pay, make an estimate and pay that by 31 January 2024. 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 2024 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 2024 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 2024 you must:

- pay the balance of any tax the trust or estate owes for 2022 to 2023
- pay the first payment on account for the 2023 to 2024 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 7** makes adjustments to the tax calculated in earlier sections and adds in Capital Gains Tax. The final box of stage 7, box T7.43 gives the figure for box 17.1 in the Trust and Estate Tax Return.
- **Stage 8** works out what you have to pay us by 31 January 2024, or what we have to pay you, and checks if you'll have to make 2023 to 2024 payments on account.
- **Stage 9** is for trustees who make discretionary payments to beneficiaries.

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

If any box on this page is negative, substitute zero ('0') **Total income** Non-savings and **Dividend**, securities Gains on life savings income and redeemable policies (with tax shares income treated as paid) (total all instances Trades, boxes 1.92) + 1L.91 professions, T1.1 or vocations £ total all instances box 2.22 T1.2 Partnership £ (total all instances boxes 3.15) + 3.42 T1.3 £ UK property total boxes 4.1 + 4.2C + 4.4 + 4.5 + 4.6 from box 4.2 from box 4.8 T1.4 T1.5 T1.6 Foreign income £ £ £ total boxes total boxes 9.1 + 9.4 + 9.5 + 9.6 + 9.9 + 9.19 + 9.24 9.10 + 9.11 + 9.12 from box 9.16 + 9.13 + 9.26 T1.7 T1.8 T1.9 £ Other income £ £ total boxes 9.14 + (if a gain) box 9.23 T1.10 £ Total of Total of Total of column above column above column above T1.11 T1.12 T1.13 £ £ **Total income** £ **Total deductions** from boxes 10.1A + 10.4A T1.14 Interest on loans etc total boxes 1.85 + 1L.85 + 2.15 +2.24+3.43+ 4.30A + 4.37A + 9.21 + (9.23 if a loss) T1.15 Losses £ **Taxable income** T1.18 minus T1.12 T1.14 + T1.15 T1.16 minus T1.11 T1.18 T1.16 T1.20 Total deductions £ £ £ T1.12 minus T1.18 T1.13 minus T1.20 T1.11 minus T1.16 T1.19 T1.17 T1.21 Taxable income £ £ £ Copy to T2.2 Copy to T2.3 Copy to T3.2 Copy to T6.10 Copy to T6.2 to calculate the notional to calculate the tax tax credits on deemed

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.

credits on dividends

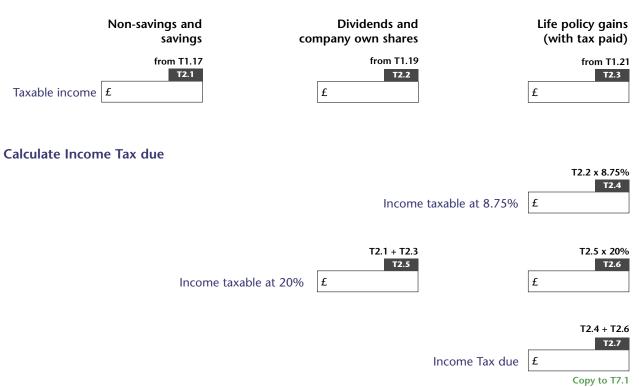
Other trustees, not taxable at the trust rate or the dividend trust rate, should now go to stage 5. Page TTCG 4

income

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 fore	ign dividends received throu	ugh 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 div	vidends received through Lle	oyd'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
		Copy to 10.7

Now go to stage 6 – ignore stages 3 to 5

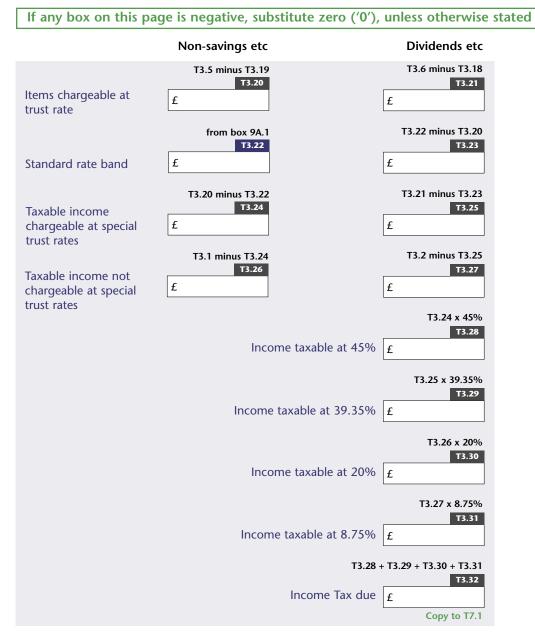
This section should be completed by trustees who are taxable at the trust rate or the dividend trust rate Stage 3

If any box on this page is negative, s	ubstitute zero ('0')	
	Non-savings and savings	Dividends and company own shares
Taxable 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 £
Items 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.

T3.6 x 91.25/100 T3.13 f f f f f f f f				
Theome not liable to UK ^{13.8} £			T3.7	
Total income			T3.8	
T3.10 = T3.7 x T3.8/T3.9 else T3.10 = 0 (zero) from box 13.20Expenses applicable to income not liable to UK Income Tax (non-resident trusts only)Expenses applicable to income not liable at the trust rateTrust Management Expenses allowable f Dividends etcTrust Management Expenses allowable f <t< td=""><td></td><td>Т3.9 £</td><td></td><td></td></t<>		Т3.9 £		
UK Income Tax (non-resident trusts only) L from box 13.20from box 13.20Expenses applicable to income not liable at the trust rate13.11 $\underline{\ell}$ Trust Management Expenses allowable $\underline{\ell}$ Dividends etcT3.6 x 91.25/100Ta.6 x 91.25/100Management Expenses which could be allowed against income $\underline{\ell}$ Iower of T3.12 and T3.13 $\underline{\ell}$ Iower of T3.12 and T3.13Iower of T3.13 </td <td></td> <td>T3.10 = T3.7 x T3.8/T3.9 else T3.10 = 0 (zero) T3.10</td> <td>Expenses applicable to income not liable to</td> <td></td>		T3.10 = T3.7 x T3.8/T3.9 else T3.10 = 0 (zero) T3.10	Expenses applicable to income not liable to	
not liable at the trust rateT3.7 minus (T3.10 + T3.11)Trust Management Expenses allowable f Dividends etcT3.6 x 91.25/100T3.13 f Management Expenses which could be allowed against income f Iower of T3.12 and T3.13 f f f Iower of T3.12 and T3.13 f Iower of T3.15 f		from box 13.20 T3.11	UK Income Tax (non-resident trusts only) Expenses applicable to income	
Dividends etc T3.6 x 91.25/100 T3.13 £ Notional maximum amount of net Trust Management Expenses which could be allowed against income £ Iower of T3.12 and T3.13 £ Iower of T3.12 and T3.13 100 100 100 100 100 100 100 1		T3.7 minus (T3.10 + T3.11) T3.12		
Notional maximum amount of net Trust £ £ Management Expenses which could be allowed against income Iower of T3.12 and T3.13 £ £	Non-	Dividends etc	nust management Expenses anowable	
which could be allowed T3.15 against income £	£	T3.13	amount of net Trust	
	£	Т3.15	which could be allowed	
	lower of T			
T3.15 x 100/91.25 T3.18 Grossed up Trust Management Expenses £ £	£	Т3.18	Grossed up Trust Management Expenses	

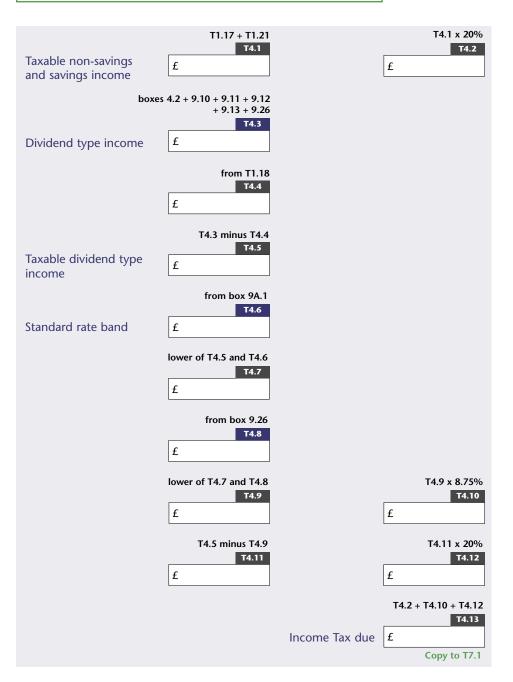
Determine taxable income chargeable at special trust rates



Now go to stage 6 - ignore stages 4 and 5

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

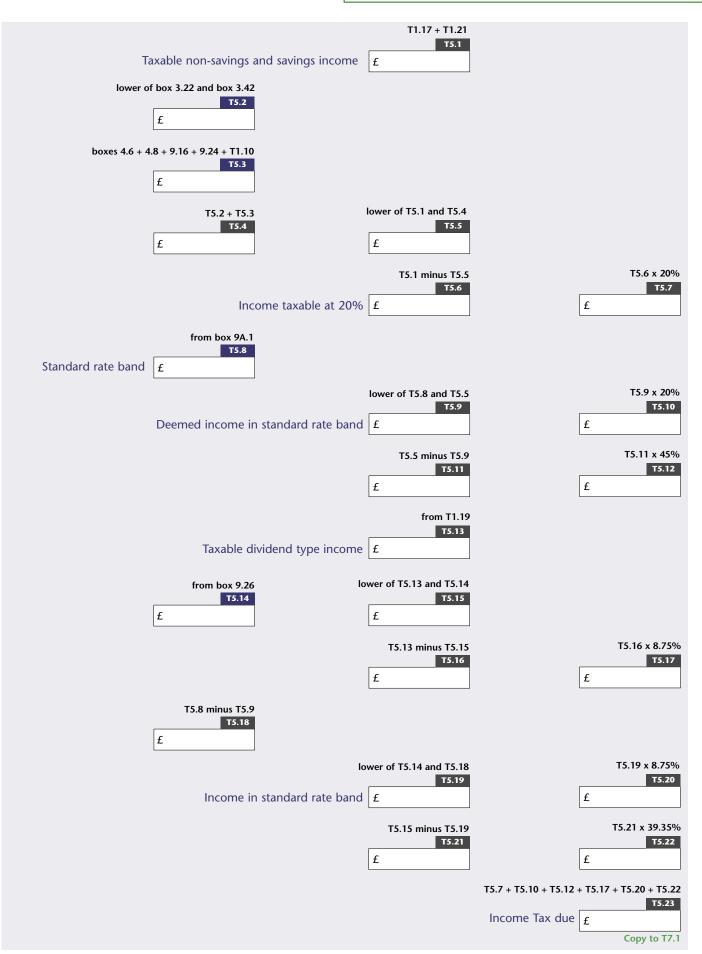
If any box on this page is negative, substitute zero ('0')



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

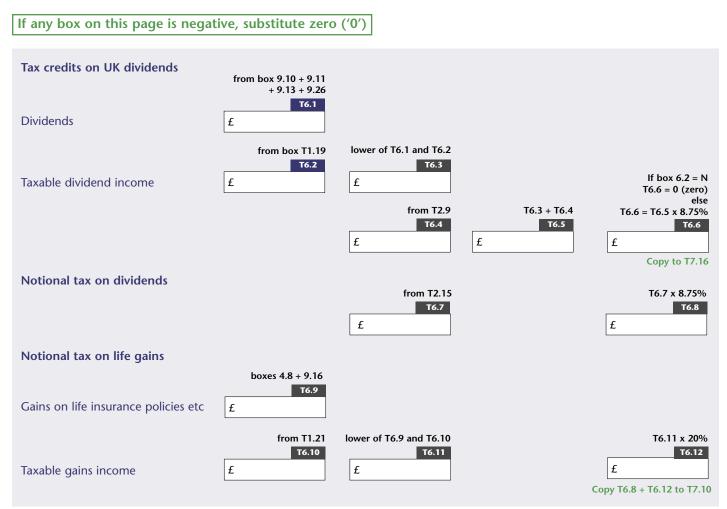
If any box on this page is negative, substitute zero ('0')



Stage 6 Calculate tax paid and tax credits

All trustees and personal representatives complete this section.

Calculate non-payable tax credits



Add together tax paid

J	
	boxes 1.97 + 1.98
Self Employment	Т6.13
from question 1	£
	boxes 1L.8 + 1L.53
Lloyds	T6.14
from question 1L	£
Income from property	from box 3.21
from question 3	£
	L
Foreign	boxes 4.1A + 4.2A + 4.2B + 4.3 + 4.10A
Foreign from question 4	f
noni question 4	L
	boxes 9.3 + 9.8 + 9.18
Savings interest	T6.17
from question 9	£
	T6.13 + T6.14 + T6.15 + T6.16 + T6.17
	Тб.18
Total tax paid	£
	Copy to T7.26

Stage 7Work out Income Tax and Capital Gains Tax due for 2022 to 2023All trustees and personal representatives complete this section.

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

from T2.7 + T3.32 + T4.13 + T5.23

lower of T7.2 and T7.3

lower of T7.5 and T7.6

£

£

£

£

£

£

£

T7.4

T7.7

Т7.4 + Т7.7 **т**7.8

T7.8 x 20%

T6.8 + T6.12 T7.10

from box 4.9

10.3A + 10.6A + 11.2

T7.14

177.1 £

Income	Tax du	е
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Income Tax due	
Calculate relief for finance costs	from 3.46 + 3.47
Finance costs	£ T7.2
	from 3.42
	Т7.3
Adjusted profit	£
	from 4.4A + 4.4B
	Т7.5
Finance costs	£
	from 4.4
	Т7.6
Adjusted profit	£
Relievable amount	
Relief for finance costs	
Relief for finance costs	
Notional tax	
Foreign Tax Credit Relief	
· ····································	

Patent Royalties, recoverable tax on charges and annual payments made out of capital

Dividends from UK companies

T7.9 + T7.10 + T7.11
T7.12
£
T7.1 minus T7.12
T7.13
£
T7.13 + T7.14
T7.15
£
from T6.6
T7.16
£
T7.15 minus T7.16
f
L

		from box 17.10 T7.18	T7.17 + T7.18 T7.19
Pension payment charges		£	£
		from box 10.1B T7.20	T7.19 minus T7.20
Vulnerable beneficiary relief		£	£
		from T9.29	T7.21 + T7.22
Tax pool adjustment		£	£
		from box 10.1C	T7.23 minus T7.24
Employee Benefit Relief		£	£ This box can be negative
Companying tob Detention Scheme (CIDS)	from box 21.6B	T7.25A x 100%	T7.25 + T7.25B
Coronavirus Job Retention Scheme (CJRS) grant and Job Retention Bonus (JRB) incorrectly claimed charge	17.25A £	17.25B	T7.25C £ This box can be negative

from T6.18 T7.26

T7.27

T7.25C minus T7.26

This box can be negative

£

£

Tax paid

Income Tax due

Capital Gains Tax				
If any box on this page is	negative, substitute zero ('C	') unless otherwise	stated	
Chargeable gains			from box 5.8	T7.28 x 28%
Residential property		£	T7.28	17.29 £
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 f	if box 5.36 is greater T7.30 = 5.36 minus (T7.2 else T7. £		T7.30 x 28% T7.31
		if box 5.36 is greater T7.31A = (T7.29B + T7.290 else T7.31A = T7.29A + T7.	2) minus 5.36	
	if box 5.36A is less than 0 (zero) T7.29B = 5.36A (absolute value) else T7.29B = 0 (zero) T7.29B			
	Loss £	£ if box 5.36A is greater T7.31C = T7.31A else T7. 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 £	if box 5.36B is greater T7.31D = 5.36B else T7.3 £		
Other property, assets and gains	5	£	31B + T7.31D T7.31E	T7.31E x 20% T7.31F £
Other gains		£	rom box 5.16 T7.32	T7.32 x 20% T7.33
Gains that qualify for Business A	sset Disposal Relief and/or Invest	ors' Relief £	5.17 + 5.17A T7.34 T7.29 + T7.31	T7.34 x 10% T7.35 £ + T7.31F + T7.33 + T7.35
Total Taxable Gains				T7.36

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 £ from box 5.6
Vulnerable beneficiary election – amount of relief claimed	T7.38 £ T7.36 minu from box 5.14 (T7.37 + T7.38 + T7.39
Vulnerable beneficiary election – amount of relief claimed	T7.39 T7.39 £ £
Tax on gains already paid	boxes 5.8A + 5.37 T7.40 £ T7.39A minus T7.4
Total Capital Gains Tax due	T7.40 minus T7.39A
Capital Gains Tax overpaid	17.41 £
Income Tax due	T7.25C minus T7.26 T7.41A £
Minus Capital Gains Tax overpaid reducing Income Tax	lower of T7.41 and T7.41.
Remaining amount of Capital Gains Tax overpaid	T7.41 minus T7.41A T7.42 £
	T7.27 + T7.40
Income Tax due	£ This box can be negative
Income Tax due after Capital Gains Tax overpayment reduction	T7.27 minus T7.41 T7.42 £ This box can be negativ
Income Tay and Capital Caine Tay due for 2022 to 2022	T7.40A + T7.42 T7.43
Income Tax and Capital Gains Tax due for 2022 to 2023 Copy this figure to box 17.1 in the Trust and Estate Tax Return	£ This box can be negativ

Stage 8 All trustees and personal representatives complete this section

Box T8.2 Enter in box T8.2 the amount of any repayment of 2022 to 2023 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 2022 to 2023 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 2022 to 2023, 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 2022 to 2023, 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 2022 to 2023 even though it's calculated by reference to the circumstances of the earlier year. If you need help, ask us or your tax adviser.

	If any box on this page is negative, substitute zero ('0')
This box can be negative	Income Tax and Capital Gains Tax due for 2022 to 2023
from box 21.6 T8.2 d £	2022 to 2023 tax already refunded
n T8.3 1) £	Any adjustment increasing the tax due, 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
ר) ד8.5	Any adjustment reducing the tax due, calculated by reference to earlier years (see Notes and on the Trust and Estate Tax Return) Tick box 17.3 and copy this figure to box 17.4 in the Trust and Estate Tax Return
Т8.6	Any 2023 to 2024 repayment (see Notes)
	Payments already made (from your Statements of Account)

Tax payable for 2022 to 2023	
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 2023 to 2024

	from T7.27	
	т8.10	
£		

Income Tax bill for 2022 to 2023

Working out payments due by 31 January 2024

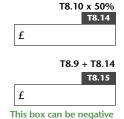
Stage 8

If box T8.10 is less than £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,	T8.11
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 2023 to 2024



£

This box can be negative

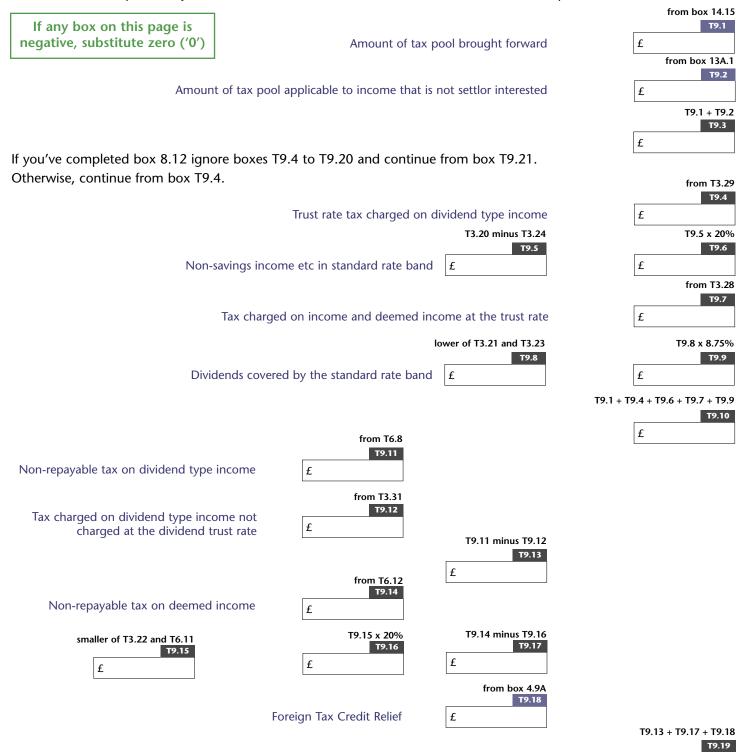
Payment due by 31 January 2024 If box T8.15 is positive, this is the tax you owe If box T8.15 is negative, this is the tax we owe you

Stage 9 Calculation of tax pool for 2022 to 2023. 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.

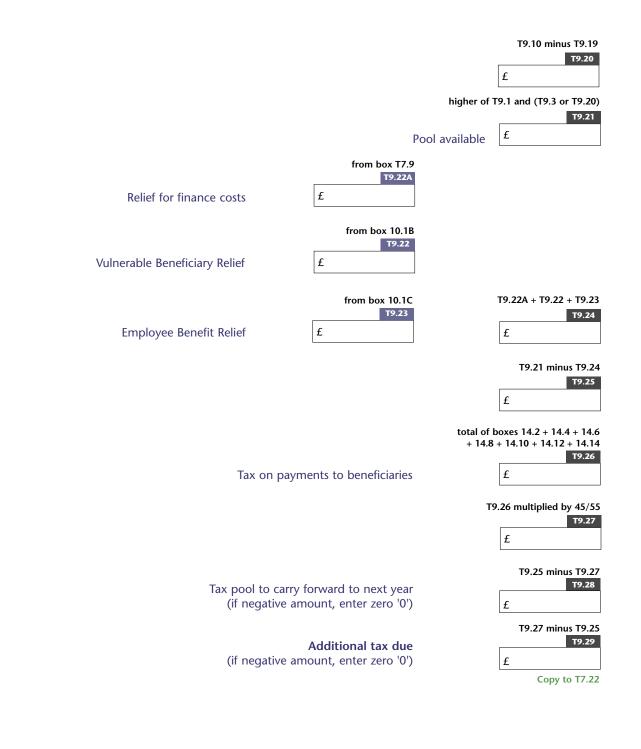
Foreign Tax Credit Relief, non-payable tax credits on dividends and notional tax on life policy gains are not available for repayment and cannot be used to frank tax credits allowed to beneficiaries.

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 2022 to 2023. Any excess in the tax pool is carried forward to the tax pool for the tax year 2023 to 2024. Tax paid in a year when the trustees are non-resident does not enter the tax pool.



Total deduction of non-repayable tax etc

f



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