



# How to fill in the Trust and Estate Tax Return

This guide has step-by-step instructions to help you fill in the Trust and Estate Tax Return.

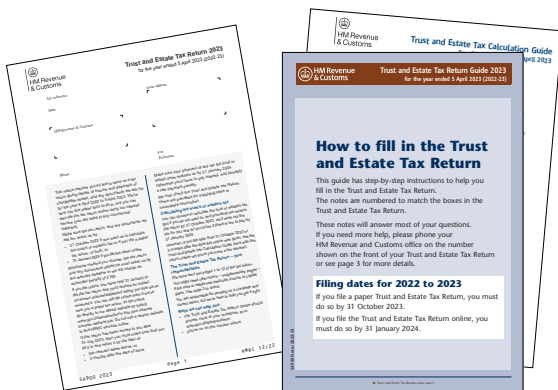
The notes are numbered to match the boxes in the Trust and Estate Tax Return.

These notes will answer most of your questions. If you need more help, please phone your HM Revenue and Customs office on the number shown on the front of your Trust and Estate Tax Return or see page 3 for more details.

## Filing dates for 2022 to 2023

If you file a paper Trust and Estate Tax Return, you must do so by 31 October 2023.

If you file the Trust and Estate Tax Return online, you must do so by 31 January 2024.

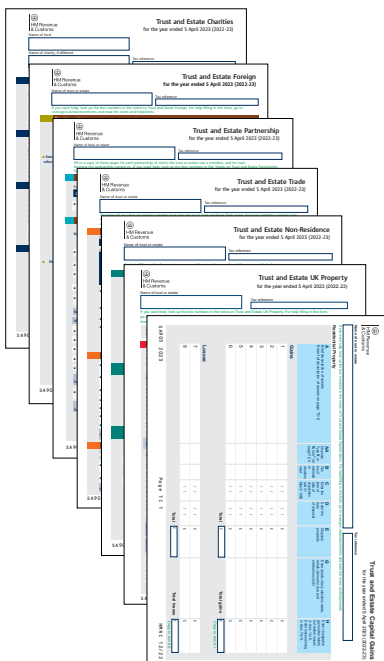


The Trust and Estate Tax Return asks for details of income and capital gains.

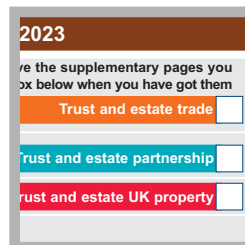
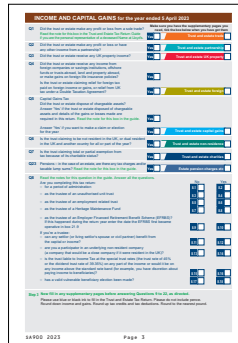
All trustees and personal representatives get the first 12 pages of the tax return. There are other 'supplementary' pages for some types of income and gains. For example, there are pages for trade income, and for foreign income. From the information we already have we'll have included any pages after page 12 of the Trust and Estate Tax Return, if we think you need them.

But it's your responsibility, whether or not there are supplementary pages after page 12, to make sure that you complete the right ones.

You must send the ones you need to complete back to us on time with the rest of your Trust and Estate Tax Return. Otherwise, we'll charge you an initial automatic penalty of £100, and additional penalties for continued delay.



Supplementary pages are illustrated on pages 8 and 9 of this guide.



If you wish to register for Self Assessment Online for Trusts, go to [www.gov.uk/trusts-taxes/trustees-tax-responsibilities](http://www.gov.uk/trusts-taxes/trustees-tax-responsibilities)

If you decide to file your Trust and Estate Tax Return online, the first thing you need to do is register with our online service and then purchase third-party commercial software. The online service is secure and accurate, plus you'll receive an immediate acknowledgement of receipt.

In addition:

- you'll have until 31 January 2024 to file the tax return online
- if we owe the trust or estate money then you'll receive the repayment more quickly

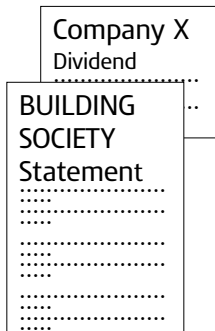
If you decide to file your return on paper, you'll need to fill in page 3 of the Trust and Estate Tax Return to see which supplementary pages you need to fill in. Pages 8 and 9 of this guide will help. Next, if you need any of the supplementary pages or help sheets mentioned in this guide go to [www.gov.uk/self-assessment-forms-and-helpsheets](http://www.gov.uk/self-assessment-forms-and-helpsheets)

If you ask us to calculate the trust's or estate's tax, or if you complete a paper Trust and Estate Tax Return, you must make sure it reaches us by 31 October 2023.

If the paper tax return reaches us after this date, we'll charge you an automatic penalty of £100. If we receive the Trust and Estate Tax Return after 31 October 2023 and you've not worked out your 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 to pay, make an estimate and pay that. If you do not pay enough, you'll have to pay interest and possibly a late payment penalty.

Do not delay completing the Trust and Estate Tax Return. You do not have to wait for the deadline shown on the front of the tax return. If you tackle it earlier you'll have more time to get help if you need it. Sending it earlier does not mean you have to pay tax any sooner. If you are not sure what to do, please ask for help before you start to fill in the Trust and Estate Tax Return.

If you miss the 31 October 2023 deadline for the paper tax return, you can still file online by 31 January 2024 and no penalty will be charged, provided you did not file your paper tax return with us first. If you file a paper tax return after 31 October 2023, or an online tax return after 31 January 2024, then we'll charge you an automatic penalty of £100 and additional penalties if the delay extends beyond 3 months. Make sure that payment of any tax reaches us by 31 January 2024. Otherwise, you'll have to pay interest and a late payment penalty.



Gather together information about the financial circumstances of the trust or estate for 2022 to 2023, such as dividend vouchers and other financial records. Do not send these with the Trust and Estate Tax Return; keep them safe.

If you're a trustee you need to decide:

- if you're resident in the UK
- at what rate you are taxable

To do this you must work through the guidance for Question 8 on pages 10 to 12 of this guide.

Personal representatives should refer to the section 'Basis of taxation for personal representatives' on page 10 of this guide.

When you're ready to fill in the Trust and Estate Tax Return, pages 4 and 5 of this guide tell you what to do, and the rest of the guide will help you to fill in the boxes. If you need more help ask us or your tax adviser.

If you have a disability that makes filling in the tax return difficult we'll be able to help you complete the form. If this applies, please contact us.

If after sending us the Trust and Estate Tax Return you find that you've made a mistake, or any details have changed, then let us know at once.

You must provide final figures to replace any provisional amounts as soon as you can.

You'll only be penalised if the tax return is incorrect because you failed to take reasonable care or if there's unreasonable delay in providing corrected figures once they are known to you. The maximum penalties can range from 30% to 100% of the difference between the correct tax due and the amount that would have been due on the basis of the figures you returned. In some circumstances you could also be prosecuted for deliberate errors.

For help and advice on trusts, phone the

Trust Helpline:  
0300 123 1072 (UK)  
+44 300 123 1072  
(outside the UK).

Or go to

[www.gov.uk/government/organisations/hm-revenue-customs/contact/trusts](http://www.gov.uk/government/organisations/hm-revenue-customs/contact/trusts)

For help and advice on estates, phone the

Deceased Estate Helpline:  
0300 123 1071 (UK)  
+44 300 123 1071  
outside UK

Or go to

[www.gov.uk/government/organisations/hm-revenue-customs/contact/bereavement-and-deceased-estate](http://www.gov.uk/government/organisations/hm-revenue-customs/contact/bereavement-and-deceased-estate)

Opening times for both helplines:  
Monday to Friday  
9am to 5pm,  
closed weekends and bank holidays.

You are responsible for the accuracy of the Trust and Estate Tax Return.

If we cannot agree with the information you provide, or we differ on a point of law, you have right of access to an independent tax tribunal.

'HMRC1: HM Revenue and Customs decisions – what to do if you disagree', available from

[www.gov.uk/government/publications/hm-revenue-and-customs-decisions-what-to-do-if-you-disagree](http://www.gov.uk/government/publications/hm-revenue-and-customs-decisions-what-to-do-if-you-disagree)

When we get the completed Trust and Estate Tax Return we'll process it using your figures, to work out how much the trust or estate owes, or how much we owe it. If we see any obvious mistakes – for example, in the arithmetic – we may put them right and tell you what we've done. If we are not sure about a figure you've entered on your tax return, we may want to contact you to make sure we've understood what you meant. It would be helpful if you enter a daytime phone number in box 19.1. When we process the return we shall only be looking at the tax return and documents we've asked for.

We'll send you our calculation of the trust or estate tax if you've asked us to do it. If you've calculated the trust's or estate's tax, we'll let you know if it's wrong.

In most cases we'll send you a statement of the trust's or estate's account with us but if you miss the 31 October 2023 deadline it may not include the liability for 2022 to 2023.

This will explain how to pay any tax due – see the notes on page 27 of this guide.

Once we've processed the Trust and Estate Tax Return we may check it.

We have 12 months after we receive the tax return to do this. We may make some enquiries about the figures and ask you to send us the records from which you took them. We may also check the figures against details received from other sources, such as banks.

Page 28 explains how to complain if you're dissatisfied with the way we handle the trust's or estate's tax affairs. Read page 28 of this guide if the Trust and Estate Tax Return was delivered to you after 31 July 2023.

**2023**

You must, by law, have kept all records. Failure to do so could give rise to penalties.

**April 2023**

You receive the Trust and Estate Tax Return:

- check to see you have the right pages
- find the trust's or estate's records
- fill in the Trust and Estate Tax Return

Go to

[www.gov.uk/software-tax-returns](http://www.gov.uk/software-tax-returns) for information about filing online. When you file online:

- you have a later deadline to complete the tax return
- you'll receive an immediate acknowledgement of receipt

**31 October 2023**

You must get your tax return to us by this date if you want us to:

- calculate the trust's or estate's tax
- tell you what to pay by 31 January 2024

If we receive a paper tax return after 31 October 2023, you'll be charged an automatic penalty of £100 even if there's no tax to pay or any tax owed has been paid on time. You can avoid this penalty if you file online by 31 January 2024, even if we've issued a paper tax return.

**31 January 2024**

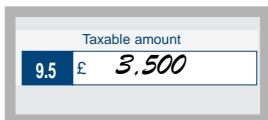
Whichever method you use to file your tax return, this date is important if you want to avoid automatic penalties and interest. You must:

- make sure we've received the completed online tax return
- 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 send us the Trust and Estate Tax Return and pay what's owed by this date to avoid automatic penalties and interest.

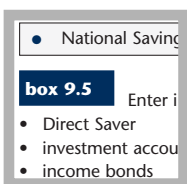
Answer all the applicable questions and fill in the appropriate pages and boxes.

- write clearly using blue or black ink and only in the spaces provided
- use numbers only when you're asked for amounts



- please do not include pence – round down income and gains, to the nearest pound, and round up tax credits and tax deductions – for example, if National Savings and Investments interest is £3,500.87, enter £3,500 in box 9.5. Round all the boxes, not just totals. For example, if you need to fill in boxes 9.7 to 9.9, round down boxes 9.7 and 9.9, and round up box 9.8. (This may mean that box 9.9 does not exactly equal box 9.7 plus box 9.8.)
- please do not include entries such as 'per attached', 'per enclosed accounts' or 'to follow'
- do not delay sending the Trust and Estate Tax Return just because you do not have all the information you need – see the notes for box 21.5 on page 25 of this guide

If you need help, look up the Question or box number in the notes. The first part of each number shows which Question it relates to, for example, box 9.6 is the sixth numbered box of Question 9.



You may find that in some parts of the Trust and Estate Tax Return you're asked to put a loss in brackets. When you're asked to add a number to a loss, deduct one from the other (for example, 60 + (40) = 20).

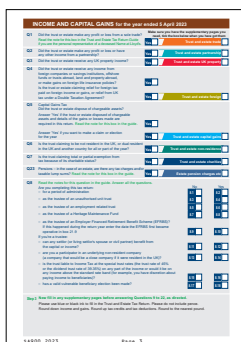
**Step 1** Read the first part of page 2 of the Trust and Estate Tax Return to find out if you can ignore some of the Questions (there's a flow chart on pages 6 and 7 of this guide that will help you decide).

Although there's no need for bare trustees to make a tax return, you do have the right to complete the tax return and account for any basic or lower rate tax due on income received gross, provided this is acceptable to all beneficiaries. However, bare trustees cannot return any capital gains or gains on life insurance policies, life annuities or capital redemption policies; these continue to be the beneficiaries' responsibility only.

Beneficiaries will also need to enter all trust income received (either net or gross) on any tax return, or claim form, they need to complete.

If you're the trustee of a charitable trust read part 4 of Step 1 on page 2 of the Trust and Estate Tax Return to see if you can ignore some of the Questions in the return.

**Step 2** Answer Questions Q1 to Q7, Q23 and then Q8 (unless Step 1 has instructed you otherwise) on page 3 of the Trust and Estate Tax Return. If you tick the 'Yes' box, go to [www.gov.uk/self-assessment-forms-and-helpsheets](http://www.gov.uk/self-assessment-forms-and-helpsheets) for any supplementary pages you need.



Page 3 of the Trust and Estate Tax Return

## More about late filing penalties

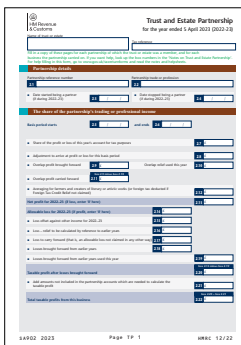
If we receive a paper or online tax return after the filing date, you'll be charged an automatic penalty of £100 even if there's no tax to pay or any tax owed has been paid on time.

If you still do not send us the completed Trust and Estate Tax Return, you'll also be charged the following penalties.

- Over 3 months late – a penalty of £10 for each additional day that it is late for a maximum of 90 days (£900).
- Over 6 months late – an additional £300 or 5% of the tax due if this is higher
- Over 12 months late – a further £300 or a further 5% of the tax due if this is higher, or up to 100% of the tax due if information is being deliberately withheld to prevent us from assessing the liability. This could be up to 200% if the income or gains not being declared arise outside the UK

**WHAT IS IN THE REST OF YOUR TAX RETURN GUIDE**

**Step 3** Fill in the supplementary pages that apply to you.



If you use photocopies, please enter the trust's or estate's name and tax reference on each copy.

Example of filling in boxes on page TL2 of the supplementary Trust and Estate UK Property pages

3.19A			
3.20	£ 24,000	3.21	£ 172
3.22	£		
3.22A	£		
		boxes 3.20 + 3.22 + 3.22A	£ 24,000
3.23	£		
3.24	£ 5,600		
3.25	£ 1800		
3.26	£		
3.27	£		
3.28	£		
3.29	£		
		total of boxes 3.24 to 3.29	£ 7,400
		box 3.23 minus box 3.30	£ 16,600
3.30	£		
3.31	£		
		boxes 3.32 + 3.33	£
3.32	£		
3.33	£		
3.33A	£		

Enter in these boxes the expenses you want to claim.

If you want to calculate the trust's or estate's tax, you'll have to include this figure in the calculation. The Trust and Estate Tax Calculation Guide will help you work it out. Go to [www.gov.uk](http://www.gov.uk) and search for SA900.

Then fill in Questions Q9 to Q22, as directed by the tax return.

Example of filling in page 4 of the Trust and Estate Tax Return

Other income not already declared?  Yes

circumstances leave blank some of boxes 9.1 to 9.26: possession trust (one which is exclusively an interest in possession trust), had tax deducted before you received it unless claimed directly by the beneficiary and there are accrued income scheme losses to claiming losses against general income, or able to make a payment on account which would not be due if you included it - late Tax Calculation Guide concerning payments on account before following

if a deceased person, you may exclude income which has had tax deducted accrued income scheme losses to set against the interest. If the reliefs claimed accrued income, you will need to include estate income that has had tax deducted to

which you are not including in this (a) or (b) above apply?  Yes

Receipts

Finance receipts – read the notes in the guide

9.1	£		
		Taxable amount	
		Finance receipts	
		Tax taken off	
80	£	9.3	£ 20
		Gross amount before tax	
9.4	£		100
		Taxable amount	
		More than First Option Bonds, Guaranteed Growth Bonds	
9.5	£		
		Taxable amount	
		Other receipts	
9.6	£		

If you want to calculate the trust's or estate's tax, include the relevant figures in the calculation. The Trust and Estate Tax Calculation Guide tells you what to do. Go to [www.gov.uk](http://www.gov.uk) and search for SA900.

If the trust or estate received any other income tick the 'Yes' box and fill in boxes 9.1 to 9.26, as appropriate.

Fill in Question 17 if you've calculated the trust's or estate's tax bill.

Finally, sign and date the declaration and send the completed tax return back to us. Do not include the trust's or estate's financial records. Keep them safe.

Declaration

I have filled in and am sending back to you the following:

- 1 to 12 of this form  Trust and estate partnership
- Trust and estate trade  Trust and estate partnership

Before you send the completed tax return back to us:

If you give false information or conceal any part of tax return information you may be prosecuted.

22.1 The information I have given in this tax return

Signature *John Green*

Please print your name in box 22.2

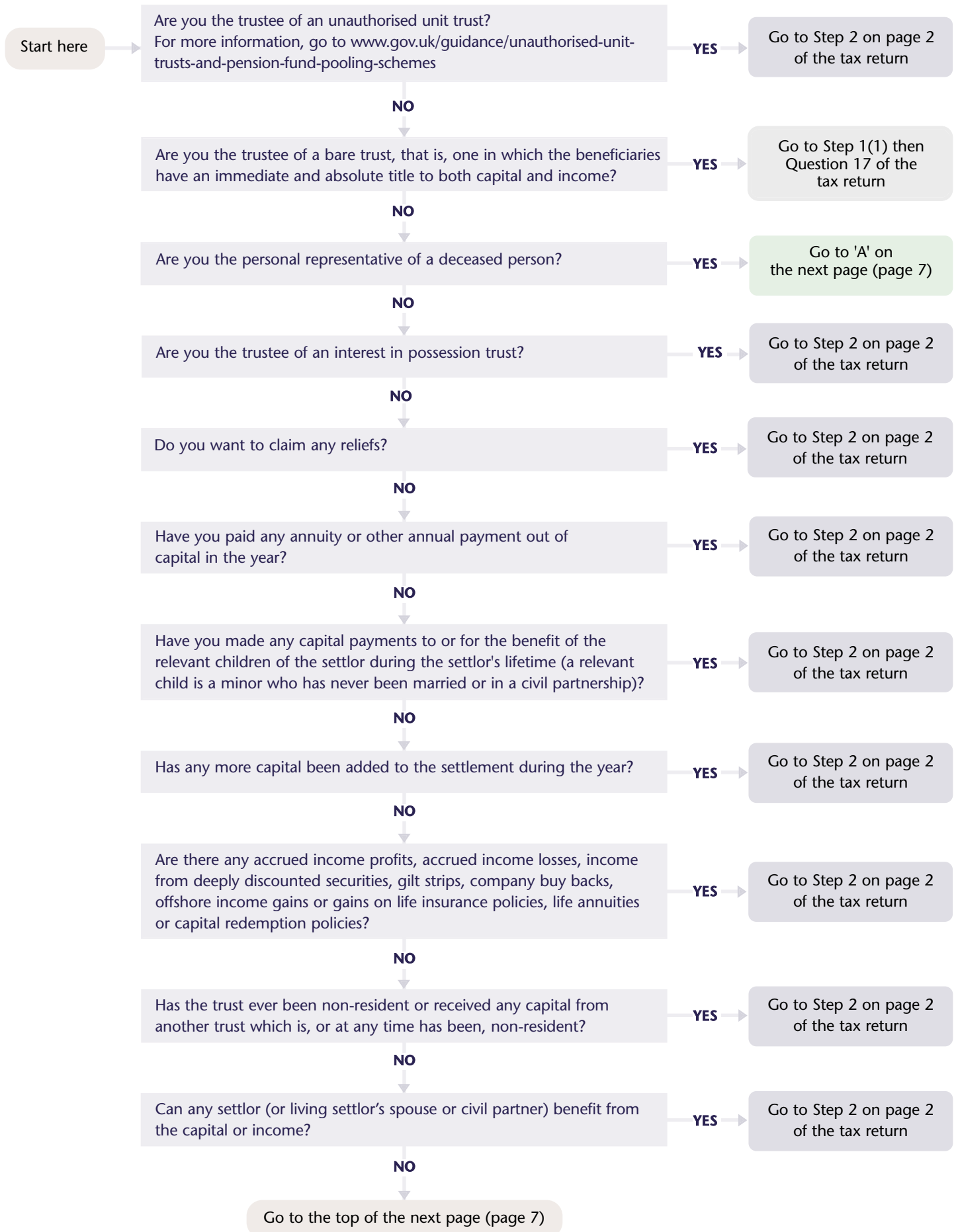
22.2

Pages 8 and 9 will help you to fill in page 3 of the Trust and Estate Tax Return.

Pages 10 to 26 give you box-by-box guidance to help you fill in pages 3 to 12 of the tax return.

Page 27 includes information about paying the trust's or estate's tax.

You will not need to complete the full Trust and Estate Tax Return if Step 1 on page 2 of the return applies to you. This flow chart will help you to decide if it does and which Questions to complete.



Continued from page 6

Are you a participator in an underlying non-resident company (a company that would be a close company if it were resident in the UK)?

YES

Go to Step 2 on page 2 of the tax return

NO

Did any income arise to the trust during the year?

NO

YES

Did all the income arise in the UK?

NO

Go to Step 2 on page 2 of the tax return

YES

Did all of the income have tax deducted before you received it?

YES

NO

Have you mandated all of the trust income to the beneficiaries?

YES

NO

Have you mandated part of the trust income to the beneficiaries?

NO

Go to Step 2 on page 2 of the tax return

YES

Does the part of the income not mandated to the beneficiary comprise only of income arising in the UK which has had tax deducted before you received it?

NO

Go to Step 2 on page 2 of the tax return

YES

Have you made chargeable disposals during the year?

NO

Have you made chargeable disposals during the year?

YES

Answer Q5 and Q6 at Step 2, Q8 and Q17 to Q22 of the tax return

NO

Go to Step 1(3) then Q17 of the tax return

YES

Answer Q5 and Q6 at Step 2, Q8 and Q17 to Q22 of the tax return

**A**

Did all of the income arise in the UK?

NO

Go to Step 2 on page 2 of the tax return

YES

Did all of the income have tax deducted before you received it?

NO

Go to Step 2 on page 2 of the tax return

YES

Do you want to claim any reliefs?

YES

Go to Step 2 on page 2 of the tax return

NO

Have you made any annual payments out of capital in the year?

YES

Go to Step 2 on page 2 of the tax return

NO

Are there any accrued income profits, accrued income losses, income from deeply discounted securities, gilt strips, company share buy backs or offshore income gains or gains on life insurance policies, life annuities or capital redemption policies that do not carry a tax credit or that are not treated as having been taxed? These items are all taxable at the basic rate except for company share buy backs, which are taxable at the dividend rate.

YES

Go to Step 2 on page 2 of the tax return

NO

Have you made chargeable disposals during the year?

NO

Go to Step 1(2) then Q17 of the tax return

YES

Answer Q5 and Q6 at Step 2, Q8 and Q17 to Q22 of the tax return

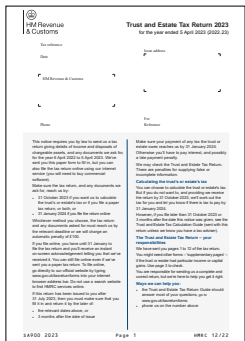
# What makes up your tax return

## Tax return

As a trustee or personal representative you must complete pages 3 to 12, as appropriate, of the Trust and Estate Tax Return if Step 1 does not apply to you.

We've included any supplementary pages we think you need after page 12 of the return. You must make sure that you have the right ones. You can download any that you need, go to [www.gov.uk/self-assessment-forms-and-helpsheets](http://www.gov.uk/self-assessment-forms-and-helpsheets)

Go to Step 2 on page 2 of the tax return next and then answer the Questions on page 3 of the tax return to find out which supplementary pages you need. These notes will help.



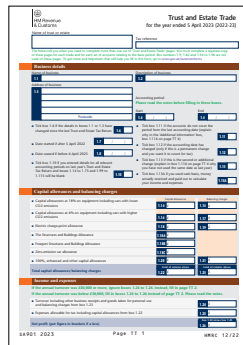
## Trade

### Q1

Fill in the Trust and Estate Trade pages if the trust or estate carried on a trade, profession, or vocation.

If it traded with someone else, in partnership, you need to fill in the Trust and Estate Partnership pages instead. (If this applies, tick the 'Yes' box in Question 2.)

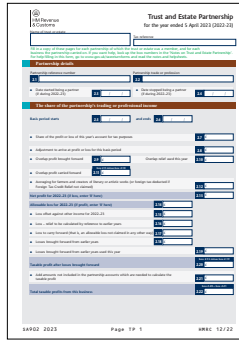
There are separate pages for the special circumstances of Lloyd's underwriters which you'll have to complete if you're the personal representative of a deceased member of Lloyd's (or Name), if the member died on or before 31 December 2022.



## Partnership

### Q2

Fill in the Trust and Estate Partnership pages to give details of the trust's or estate's share of income if it carried on a trade, profession, vocation or other business, in partnership.

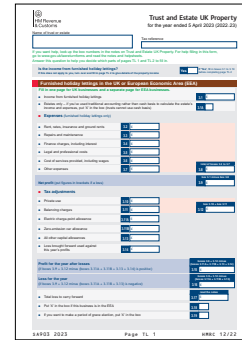


## UK Property

### Q3

Fill in the Trust and Estate UK Property pages if the trust or estate received UK income from:

- land and property
- furnished holiday lettings





## Q4

Fill in the Trust and Estate Foreign pages if the trust or estate received in 2022 to 2023:

- income from foreign companies, or savings institutions
- income from offshore funds or trusts abroad
- income from land and property abroad
- foreign life insurance policy, life annuity, or capital redemption policy gains

Or if you want to claim relief for foreign tax on foreign income or gains.

## Q5

Fill in the Trust and Estate Capital Gains pages if:

- the trust or estate disposed of chargeable assets worth more than 4 times the annual exempt amount available
- losses are deducted and the chargeable gains made by the trust or estate before losses total more than the annual exempt amount available
- no losses are deducted from the chargeable gains made by the trust or estate and the taxable gains total more than the annual exempt amount available
- you want to claim an allowable loss, or make any other capital gains claim or election for the year
- you have submitted an in-year return under the payment for property disposal or non-resident capital gains rules

For most trusts, the annual exempt amount would be £6,150 and for estates potentially £12,300.

Helpsheet 294, 'Trusts and Capital Gains Tax' explains the annual exempt amount for trusts. Go to [www.gov.uk](http://www.gov.uk) and search for 'HS294'.

If you're the trustee of an exempt unauthorised unit trust, and any gains are not chargeable gains by virtue of Regulation 10 of the Unauthorised Unit Trust (Tax) Regulations 2013, you do not have to fill in the Trust and Estate Capital Gains pages.

Do not complete these pages if the trust is a bare trust. Any gains must be returned by the beneficiaries on their personal tax returns.

If you have to fill in the capital gains pages you must include all your allowable losses for the year. If you do not have to fill them in, because disposal proceeds and gains were below the limits, you can still complete them if you want to claim a capital loss.

## Q6

Make sure you fill in the Trust and Estate Non-residence pages first if, in the period 6 April 2022 to 5 April 2023, you consider the trust or estate to be any of the following:

- not resident in the UK for Income Tax and Capital Gains Tax purposes
- resident in the UK while also resident in a country with which the UK has a Double Taxation Agreement – there's a list of agreements in the Notes for the Trust and Estate Foreign pages

## Q7

Fill in the Trust and Estate Charities pages if the trust is claiming total or partial exemption from tax.

## Q23

Fill in the Estate Pension Charges etc pages if the estate:

- is liable to an overseas transfer charge
- is liable to tax charges arising from unauthorised payments from UK registered pension schemes or overseas pension schemes
- received a short service refund lump sum from an overseas pension scheme
- received a lump sum death benefit payment from an overseas pension scheme where either
  - the deceased had reached age 75 at the date of their death
  - (for some types of payment) the payment was not made within 2 years of the scheme being aware of the death

These details are relevant only to personal representatives. Trustees do not complete the Estate Pension Charges etc. pages.

For more guidance on these types of payments, read the Estate Pension Charges etc. notes. Go to [www.gov.uk](http://www.gov.uk) and search for 'SA923'.

# How to fill in pages 3 to 12 of the Trust and Estate Tax Return

## Basis of taxation for personal representatives

A personal representative is a person who has been appointed as either the executor or the administrator of a deceased person's estate. An executor is a person appointed to carry out the deceased's wishes as expressed in their will, while an administrator is appointed to gather in the deceased person's estate and then distribute it to the deceased's heirs in the absence of a will. In Scotland the term executor applies in both these situations.

Personal representatives are chargeable to Income Tax on the income that arises on the assets in the estate. They are chargeable to Income Tax at the basic rate only. They are not chargeable at the higher rates of tax, as these apply only to individuals. If personal representatives sell capital assets from the estate, they are liable to Capital Gains Tax at the Capital Gains Tax rate of 28%. Capital Gains Tax may also be due where capital payments or benefits are received from a non-resident, dual resident or immigrating trust. You can find more details in the Notes on Trust and Estate Capital Gains. Personal representatives do not answer Questions 9A and 12 to 16 of the Trust and Estate Tax Return. Special rules apply where:

- the deceased died domiciled outside the UK
- the deceased died not resident in the UK
- one or more of the personal representatives is/are resident outside the UK

In these circumstances, complete the Trust and Estate Non-residence supplementary pages, before deciding on entries to be made on the Trust and Estate Tax Return.

## Pre-death liability

When someone dies their personal representatives will need to tell government departments about the death and finalise the tax liability up to the date of death. If tax has been overpaid then we'll make any repayment due for all periods up to the date of death. If tax is due for any period up to the date of death the personal representatives are responsible for accounting for that tax from the estate. Go to [www.gov.uk/after-a-death](http://www.gov.uk/after-a-death)

## Basis of taxation for trustees

If any settlor is alive, there's a possibility that the income may be treated as that of the settlor(s) (although the trustees still have to pay tax as recipients of income); see questions 3 and 4 in the next column. The basis of taxation for trustees depends on their residence status and the type of trust. If you think the trustees as a whole were not resident in the UK for Income Tax and Capital Gains Tax purposes, make sure you complete the Trust and Estate Non-residence pages before filling in the rest of the Trust and Estate Tax Return. Notes for the Trust and Estate Non-residence pages contain special rules for completing the rest of the Trust and Estate Tax Return.

Depending on the type of trust, the trustees will either be chargeable to tax:

- at the standard rates, which are the basic rate (20%) and dividend rate (8.75%)
- at the special trust rates, which are the trust rate (45%) and the dividend trust rate (39.35%)

Any gains will be chargeable at the Capital Gains Tax rate (28% or 10% if the trustees have claimed Entrepreneurs' Relief). Where the income or gains of a charitable trust are not wholly exempt from tax the trustees will be chargeable to tax at the basic rate (20%), dividend rate (8.75%) or Capital Gains Tax rate (28%). The special trust rates do not apply to charitable trusts.

Please note that certain types of income are taxable at the special trust rates whether or not the notes that follow show that you're taxable at the basic or dividend rate only. These include items to be entered in boxes 9.14 to 9.16 and 9.23 to 9.26 described on pages 14 to 19 of this guide, box 3.22 described in the Notes on Trust and Estate UK Property pages and boxes 4.6 to 4.8 of the Trust and Estate Foreign pages. If, apart from this income, you're taxable at the basic rate only, or you're the trustee of an exempt unauthorised unit trust, which is generally taxable at the basic rate only, tick box 8.15 and ignore Questions 13 to 15.

## Q8 Basis of taxation for trustees

### Trustees: at what rate are you chargeable to Income Tax?

The questions below will help you to decide at what rate you're chargeable to Income Tax. But see also notes on specific types of trusts on page 11.

- 1 Are you the trustees of an exempt unauthorised unit trust?  No  Yes  
If the answer is 'No', go to the next question. If 'Yes', you may be taxable at the basic rate. For guidance on the unauthorised unit trust tax regime, go to [www.gov.uk/guidance/unauthorised-unit-trusts-and-pension-fund-pooling-schemes](http://www.gov.uk/guidance/unauthorised-unit-trusts-and-pension-fund-pooling-schemes)  
Tick boxes 8.4 and 8.15.
- 2 Are you completing this return solely for income arising from the investment of service charges received in connection with residential properties in the UK?  No  Yes  
If the answer is 'No', go to the next question. If 'Yes', you're taxable at the basic rate only. Tick box 8.15.
- 3 Is the beneficiary/are all the beneficiaries absolutely entitled to the whole of the trust income as it arises?  No  Yes  
If the answer is 'No', go to the next question. If 'Yes', you're taxable at the basic rate only. Tick box 8.15.
- 4 Can the settlor (or the settlor's spouse or civil partner) benefit from the capital or income (other than by way of a loan of trust monies) in any circumstances whatsoever?  No  Yes  
If the answer is 'No', go to question 6. If 'Yes', go to the next question.
- 5 If the settlor's (or the settlor's spouse's or civil partner's) benefit is conditional on the happening of certain events, the settlor (or the settlor's spouse or civil partner) may be treated as not being entitled to benefit. The exceptions are described in Helpsheet 270, 'Trusts and settlements – income treated as the settlor's'. Go to [www.gov.uk](http://www.gov.uk) and search for 'HS270'.  
Is the settlor's (or the settlor's spouse's or civil partner's) benefit dependent on any of the exceptions?  No  Yes  
If the answer is 'No', the trust is 'settlor-interested' so tick box 8.12. (But if you are the trustees of an approved Heritage Maintenance Fund and make an election, see the note on page 11.) Whether the answer is 'No' or 'Yes' go to the next question.
- 6 Do you have power to accumulate income under the terms of the trust?  No  Yes  
If the answer is 'No', go to question 8. If 'Yes', go to question 7.
- 7 Is the beneficiary/are all the beneficiaries immediately entitled to the accumulated income either as part of the capital or as a separate fund?  No  Yes  
If the answer is 'No', you are taxable at the special trust rates. Tick box 8.16. If 'Yes', you are taxable at the basic rate only. Tick box 8.15.
- 8 Do you (or any other person/s) have discretion over the amount of income received by any beneficiary or beneficiaries?  No  Yes  
If the answer is 'No', you are taxable at the basic rate only. Tick box 8.15. If 'Yes', you are taxable at the special trust rates. Tick box 8.16.

If you're taxable at the basic rate only ignore Questions 13 to 15. If you're taxable at the special trust rates answer all the Questions.

## How to fill in pages 3 to 12 of the Trust and Estate Tax Return - continued

### Notes on specific types of trusts

#### boxes 8.5 and 8.6

An employment related trust is a trust set up by an employer, or by, for example, another trust, for the benefit of employees.

### Basis of taxation for trustees of a Heritage Maintenance Fund

#### boxes 8.7 and 8.8

If you're the trustee of a Heritage Maintenance Fund, tick boxes 8.8 and 8.16. The trustees are taxable at the special trust rates.

If the settlor is alive and has retained an interest in the trust property, tick box 8.12. Where this is the case:

- if the Heritage Maintenance Fund has not been approved for Inheritance Tax purposes by way of a direction from HMRC Inheritance Tax, the settlor will be taxable on the trust income but the trustees remain taxable at the special trust rates
- if the Heritage Maintenance Fund has been approved for Inheritance Tax purposes, the settlor will be taxable on the trust income as above unless the trustees make an election for the income to be taxed on the trustees instead, in which case the settlor will not be taxable – if you intend to make an election like this but have not yet done so, the settlor is taxable on the income

### Employer Financed Retirement Benefit Scheme (EFRBS)

#### boxes 8.9 and 8.10

Tick box 8.10 if you're the trustee of an EFRBS. You must also enter the date the scheme first came into operation, if this happened in the year to 5 April 2023, in box 21.9 on page 12.

The responsible person for the scheme must tell us of the date the scheme first comes into operation and must do so by 31 January following the tax year in which it happens. A scheme comes into operation as soon as one of the following events happens:

- an employer makes a contribution to the scheme
- relevant benefits are provided

The Trust and Estate Tax Return can be used to give notification of the scheme first coming into operation as long as it is submitted within the time limit. If you're using this tax return to give notification and you're not the responsible person, you must give the name and address of that person in box 21.9 on page 12. You must still show the date in box 21.9 on page 12, if it occurred during the period covered by this tax return, even if the responsible person has given notification by other means.

The responsible person will be one of the trustees of the scheme, as long as that person is resident in the United Kingdom (UK).

If there are no trustees who are resident in the UK then the responsible person will be one of the persons listed below, taken in the following order:

- a person who controls the management of the scheme
- an employer who established the scheme or any person who has succeeded that employer
- an employer of employees who benefit from the scheme
- a trustee of the scheme who is not resident in the UK

You'll be liable to tax at the special trust rates, so tick box 8.16.

### Share Incentive Plans

The trustees of a Share Incentive Plan will be chargeable at the dividend trust rate on dividends from shares that have not been awarded to participants within 2 years of being acquired by the trustees. In the case of shares which are not readily convertible into cash, this period is extended to 5 years. (If shares become readily convertible into cash within the 5-year period, the period is changed to 2 years beginning on the date on which they became readily convertible into cash, if that ends before the original 5-year

period.) The period is extended to 10 years where a company is allowed a deduction against Corporation Tax for a payment made to the trustee which is then used to acquire shares in the company. For the company to get the deduction, the shares must not be acquired from a company and at the end of 12 months from the date of acquisition the trustee must hold more than 10% of the ordinary shares in the company. Any additional tax at the dividend trust rate on dividends received during the period will be chargeable in the tax year when it becomes clear that they will not be awarded within the relevant period. Income from other sources (for example, untaxed interest) remains chargeable at the trust rate. Tick box 8.16 and enter the income in Question 9 of the tax return.

### Trustees who are participators in an underlying non-resident company

#### boxes 8.13 and 8.14

An underlying non-resident company is a company that would be classified as a 'close company' if it were resident in the UK. Broadly speaking, a 'close company' is one under the control of either the directors or no more than 5 'participators'. A 'participator' is a person having a share or interest in the capital or income of the company.

The gains arising to a company like this may be chargeable on resident trustees. In the case of non-resident trustees, the gains may be charged on the settlor or beneficiaries. There's more information in Helpsheet 299, 'Non-resident trusts and Capital Gains Tax', go to [www.gov.uk](http://www.gov.uk) and search for 'HS299', and Helpsheet 301, 'Beneficiaries receiving capital payments from non-resident trusts and the calculation of the increase in tax charge', go to [www.gov.uk](http://www.gov.uk) and search for 'HS301'.

The income arising to a company like this may be chargeable on the settlor or beneficiaries. You can find more information in the SA106, 'Foreign notes' (for individuals) on page FN 9 under the heading 'Dividends and all other income received by a person abroad'. Go to [www.gov.uk](http://www.gov.uk) and search for 'SA106'.

### Trustees who are liable at the special trust rates

#### boxes 8.15 and 8.16

The first £1,000 of income, which would otherwise be chargeable at the special trust rates, is instead chargeable at the basic or dividend rate, depending on the nature of the income. This is known as the standard rate band. Tick the 'Yes' box at 8.16 even if your income does not exceed £1,000 if you would otherwise be chargeable at the special trust rates but for the standard rate band.

### Service charges and sinking funds for residential property in the UK

Tenants and owners of properties in the UK often make contributions to service charge funds or sinking funds. These funds pay for a variety of services and sometimes accumulate money for future repairs. For example, residents of a block of flats may all pay a set amount each year to cover the day-to-day running costs of the block, such as cleaners and minor repairs. Funds may also be put aside to pay for future major expenditure such as a roof repair.

The person receiving the contributions, such as a landlord or flat management company, often holds the funds on trust for the tenants or property owners. The funds are usually held on deposit and so the only income likely to arise is bank or building society interest. Income arising from the investment of service charges and sinking funds, which are held on trust for tenants or other owners of properties, is chargeable at the basic rate.

## How to fill in pages 3 to 12 of the Trust and Estate Tax Return - continued

### Overseas employment - related pension schemes

Income derived from investments or deposits held for the purposes of a S615(3) scheme is not chargeable to tax at the special trust rate.

Proceed to boxes 13.13 to 13.18 to report this income and make a note in the 'Additional information' box, box 21.9 on page 12 that this is a S615(3) scheme. The main rules of a S615(3) scheme are that:

- the scheme is set up under irrevocable trust in connection with some trade or undertaking carried on outside the UK
- the scheme's sole purpose is for the provision of retirement benefits relating to employment carried out wholly outside the UK

### Vulnerable beneficiaries

#### boxes 8.17 and 8.18

Certain trusts may qualify for special tax treatment if a beneficiary falls within the definition of a vulnerable beneficiary. To find more details go to [www.gov.uk/trusts-taxes](http://www.gov.uk/trusts-taxes) If a valid election for special tax treatment has been made, tick box 8.18 even if you do not intend to make a claim for special treatment this year.

#### Q9 Did the trust or estate receive any other income not already included on the supplementary pages?

If you do not tick the 'Yes' box, go to Question 10A.

Otherwise, check the following lists to see whether to include the trust's or estate's other income in the Trust and Estate Tax Return.

Exclude:

- Premium Bond, National Lottery and gambling prizes
- interest and terminal bonuses under Save As You Earn schemes
- accumulated interest on National Savings and Investments Certificates, including index-linked certificates
- interest on National Savings and Investments Children's Bonds
- interest awarded by a UK court as part of an award of damages for personal injury or death
- dividends on ordinary shares in a Venture Capital Trust
- if you're the trustee of an interest in possession trust, untaxed income which you have mandated to the beneficiaries
- income from FOTRA securities in a non-bare trust where
  - all the beneficiaries are not ordinarily resident in the UK (where securities were acquired before 6 April 2013), or
  - all the beneficiaries are not resident in the UK (where securities were acquired after 5 April 2013)

Include:

- interest and alternative finance receipts from UK banks or building societies and from UK internet accounts
- interest from savings held at an overseas branch of a UK bank or building society
- income or distributions from UK authorised unit trusts, UK open-ended investment companies and investment trusts
- income from National Savings and Investments, including First Option Bonds and Guaranteed Income Bonds and Guaranteed Growth Bonds (previously called Fixed Rate Savings Bonds)
- other savings income, including accrued income profits on disposal of securities, annuities, disguised interest and deeply discounted securities
- any other income not included on supplementary pages (see page 16)
- income from estates, where that income has been passed to the trustees of discretionary or accumulation trusts

If the trust or estate has:

- received cash as a result of a merger of 2 or more building societies
- received cash, or been issued with shares, or received both cash and shares, as a result of either

– a conversion of a building society to a company  
– a takeover of a building society by a company,  
there may be liability to either Income Tax or Capital Gains Tax. The building society may be able to tell you whether there's any tax liability. If not, ask us or your tax adviser.

If the trust or estate has received cash, then:

- if the payment is liable to Income Tax (which is likely if it was received following a building society merger), enter it in boxes 9.7 to 9.9 in the Trust and Estate Tax Return; if you are not sure whether the amount is liable to Income Tax, include it in boxes 9.17 to 9.19, then tick box 21.5 on page 11 of the Trust and Estate Tax Return and give full details of the payment in the 'Additional information' box, box 21.9
- if the payment is liable to Capital Gains Tax (which is likely if it was received following a conversion or takeover of a building society), calculate the gain and add it to any other chargeable gains for the year; use your total gains and your total proceeds when deciding whether you need to fill in the Trust and Estate Capital Gains pages (See Question 5 on page 3 of the Trust and Estate Tax Return.)

If the trust or estate received shares following a building society takeover or conversion, then you may need to supply details when you dispose of those shares. Please ask us for details. If the trust or estate income is in the list of inclusions for this question, tick the 'Yes' box and fill in the relevant boxes in the Trust and Estate Tax Return. If not, go to Question 10A.

### Filling in boxes 9.1 to 9.26

First, collect the information you might need. For example:

- dividend vouchers (or electronic equivalents)
- interest statements or tax deduction certificates (or electronic equivalents)
- trust vouchers - if the trust or estate is entitled to income of a trust (other than a discretionary trust) the trustee should provide you with a voucher identifying the various sources of income to which you are entitled

Then, use the following notes to help you fill in the boxes. They ask for totals.

#### Interest and alternative finance receipts

#### What to do if there is more than one source of interest or alternative finance receipts to go in a particular box

Add together, for example, interest paid by the bank and building society and put total figures in boxes 9.1. Keep details of the separate accounts in case we ask for these later.

- Interest and alternative finance receipts from UK banks and building societies

Boxes 9.1 to 9.9 cover interest and alternative finance receipts from savings with banks and building societies.

#### Untaxed UK Interest and alternative finance receipts

**box 9.1** Bank and building society interest and alternative finance receipts are usually paid without any tax being taken off. The bank or building society statement will show you the interest or alternative finance receipt received without tax taken off (the gross amount). Add up all the gross amounts received during 2022 to 2023 from all accounts and enter the total in box 9.1. Do not include National Savings & Investments interest here; it goes in box 9.5.

Do not include bank and building society interest and alternative finance receipts paid with tax taken off; they go in boxes 9.2 to 9.4.

## How to fill in pages 3 to 12 of the Trust and Estate Tax Return - continued

Interest distributions from UK authorised unit trusts, open-ended investment companies and investment trusts are paid without tax deducted. Include the full amount of these distributions in box 9.1. Interest distributions relating to accumulation units or shares in a unit trust or open-ended investment company are automatically reinvested, but you must still show the full amount in box 9.1.

Do not include dividend distributions from UK authorised unit trusts, open-ended investment companies or investment trusts in boxes 9.1. They go in box 9.11.

If the trust sells or transfers the right to income without disposing of the asset from which the income arises, the consideration that's receivable in return for the transfer is treated as trust income.

Include it in the box in which the income would have been entered had it not been transferred. If the market value of the right is substantially greater than the consideration that is receivable, then the market value of the right (rather than the consideration) is treated as trust income. If this is the case, include the market value of the right in the box in which the income would have been entered had it not been transferred.

- Taxed UK interest and alternative finance receipts

### boxes 9.2 to 9.4

These boxes are for UK interest distributions which have had tax deducted (including any from banks and building societies which have had tax deducted). Do not include bank and building society interest or alternative finance receipts paid without any tax deducted here; they go in box 9.1.

The information you need to complete these boxes will be shown on the trust's or estate's tax voucher or interest statement. The voucher or statement will show the total interest distribution before the tax is taken off (gross interest), the tax taken off and the amount of the interest distribution paid after tax has been taken off (net interest).

Do not enter here any amount shown on the tax voucher as 'equalisation'. This amount, if shown, is a repayment of capital paid and is not subject to tax. In calculating capital gains, deduct the amount of equalisation from the cost of the units or shares purchased during the year.

- National Savings and Investments

### box 9.5

Enter in box 9.5 the total amount from the following.

- Direct Saver
- investment account
- income bonds

- National Savings and Investments First Option Bonds (no longer on sale), Guaranteed Income Bonds and Guaranteed Growth Bonds (previously called Fixed Rate Savings Bonds)

### boxes 9.6

Enter in box 9.6 the total amount of interest from:

- First Option Bonds
- Guaranteed Income Bonds
- Guaranteed Growth Bonds

- Other income from UK savings and investments

### boxes 9.7 to 9.9

Include totals of the following items of income in boxes 9.7 to 9.9. Keep details in case we ask for more information later.

#### Interest not included in boxes 9.1 to 9.6

Include in boxes 9.7 to 9.9 any interest received which is not included in boxes 9.1 to 9.6. For example:

- from certificates of tax deposit when the certificate is applied in payment of a tax liability

- on government stocks (gilts), including those bought through the National Savings and Investments Stock Register
- on other loan stocks
- on loans to an individual or organisation
- from credit unions and friendly societies
- interest from Enterprise Zone Trusts (include the rents in the Trust and Estate UK Property pages)
- interest from securities where Accrued Income Scheme losses are available (see the note on page 18 of this guide)

Depending on the nature of the interest, it may be paid without tax taken off (gross), or after tax has been taken off (net).

If no tax has been taken off, enter the interest received in box 9.7 and box 9.9, leave box 9.8 blank.

If tax has been taken off, fill in all the boxes. Make sure the figure in box 9.9 includes the tax that has been taken off.

#### Purchased life annuities

Include income from a purchased life annuity in boxes 9.7 to 9.9. Income will only be part of the payment received – check the payment certificate. Do not put the rest of the payment on the tax return. Income will usually be received from a purchased life annuity after the payer has taken tax off.

A purchased life annuity is not a retirement annuity, nor the result of contributions made to a personal pension plan. Enter all other annuities, including annuities under personal pension schemes, retirement annuity contracts or retirement annuity trust schemes, in boxes 9.17 to 9.19.

Do not include pension death benefits you first became entitled to on or after 6 April 2015 which are not taxable.

For more about when a pension is not taxable, go to [www.gov.uk/tax-on-pension-death-benefits](http://www.gov.uk/tax-on-pension-death-benefits)

#### boxes 9.10 to 9.13

#### Dividends and other distributions

A company makes a distribution when it passes value to a shareholder, for example by:

- selling an asset to a shareholder at less than market value
- paying interest at more than a commercial rate on a loan

Enter all dividends and distributions received in box 9.10 except:

- distributions from the tax exempt profits of a UK Real Estate Investment Trust ('UK REIT') or Property Authorised Investment Fund ('PAIF') (these distributions are known as Property Income Distributions, or PIDs and are normally paid under deduction of Income Tax) – use boxes 9.17 to 9.19
- bonus issues of securities or redeemable shares use box 9.13
- loans to participators of close companies released or written off, use box 9.13

If you include a distribution other than a dividend in box 9.10 please give details in the 'Additional information' box, 21.9 on page 12 of the Trust and Estate Tax Return, explaining the circumstances in which the distribution arose.

The dividend voucher shows the amount of the dividend. Put this in box 9.10.

If the trustees of a will trust have received any dividend income in the year from the personal representatives distributing the income that arose during the administration period, enter the dividends in box 9.10. This income will be chargeable on the trustees at the dividend trust rate (39.35%). Claim any estate tax credit on the dividend income at box 17.4. Do not include stock dividends at box 9.10. These go in box 9.12.

### Transfer of the right to income

If the trust sells or transfers the right to income without disposing of the asset from which the income arises, the consideration that's receivable in return for the transfer is treated as trust income. Include it in the box in which the income would have been entered had it not been transferred. If the market value of the right is substantially greater than the consideration that's receivable, then the market value of the right (rather than the consideration) is treated as trust income. If this is the case, include the market value of the right in the box in which the income would have been entered had it not been transferred.

- Dividend distributions from UK authorised unit trusts and open-ended investment companies

#### box 9.11

The dividend voucher shows the amount of the dividend. Put this in box 9.11. Include in box 9.10 distributions from non-exempt unauthorised unit trusts.

If the trust or estate has accumulation units or shares the dividend is automatically reinvested in the unit trust or open-ended investment company. You must still show the amount of the dividend.

If you do not have a dividend voucher, ask the unit trust or open-ended investment company manager for one.

Do not enter here any amount shown on the dividend voucher as 'equalisation'. This amount, if shown, is a repayment of capital and is not subject to tax. In calculating the capital gains, deduct the amount of equalisation from the cost of the units or shares purchased during the year.

- Stock dividends from UK companies

#### box 9.12

If the trust or estate took up an offer of shares in place of a cash dividend, this is a 'stock' dividend.

The dividend statement should have 'the appropriate amount in cash' or 'the cash equivalent of the share capital' on it – put this amount in the dividend box. Ask the company for a statement if you have not already got one. If you've any doubts about what to include, contact us or your tax adviser.

- Bonus issues of securities and redeemable shares and loans written off

#### boxes 9.13

Enter in box 9.13:

- a bonus issue by a company of securities or redeemable shares (except a bonus issue giving rise to a qualifying distribution)
- the paying on of such a bonus issue by a company which has itself received it

If the trust or estate receives such a bonus issue of securities or redeemable shares, the amount of the distribution is for:

- redeemable shares, their nominal value plus any premium payable
- securities, the amount of the principal secured plus any premium payable

minus any new consideration given for that issue.

Where a loan or an advance, made by a close company to a participator or associate, is wholly or partly released or written off, the amount released or written off is treated as income.

If the loan or advance was made to a person who has since died, the income is treated as that of the person from whom the debt is due at the time of release or writing off. (If it's due from the person as personal representative, the amount treated as received by them is included in the income of the estate.)

Include in box 9.13 the amount of the loan released or written off.

If you do not know what to include, contact us or your tax adviser.

### ■ Gains on UK life insurance policies, life annuities and capital redemption policies

#### boxes 9.14 to 9.16

These boxes are only for gains from life insurance policies, life annuities and capital redemption policies taken out with a UK life insurance company, the UK branch of an overseas insurer or a UK friendly society.

Gains from foreign policies do not go in these boxes. See 'Is your policy a 'foreign policy?'' below for more guidance. Include details of gains on foreign policies on the Trust and Estate Foreign pages. For a copy, go to [www.gov.uk](http://www.gov.uk) and search for 'SA904'.

In these notes, 'gains' are chargeable event gains which are taxable as income. Insurers sometimes call these 'chargeable gains' but they are not capital gains so capital losses and other reliefs allowable in calculating capital gains cannot be set against them. Do not include chargeable event gains on the Trust and Estate Capital Gains pages. The purpose of these notes is to help you to decide whether there is a gain and, if so, what to include in the return.

#### Have you received a certificate reporting a gain on a chargeable event?

UK insurers must by law issue a certificate if they know a gain has been made on a life insurance policy, life annuity or capital redemption policy. In most cases therefore, if a gain has arisen, you'll have received, in your capacity as a personal representative or a trustee, a certificate from the insurer reporting the gain. If you have received a certificate from the insurer, read the sections headed 'Personal representatives' and 'Trustees including trustees of charitable trusts' as appropriate. Follow the instructions in those sections and in the section headed 'Completion of boxes 9.14 to 9.16'.

If you have not received a certificate but during the year any of the following applied in connection with a UK life insurance policy, life annuity or capital redemption policy held by the trust or estate, then a gain may still have arisen:

- cash or other benefits were received from the policy or life annuity by part-withdrawal or on a surrender, maturity or death
- the whole or part of the policy or life annuity was sold
- a loan was made to you or, at your direction, to someone else, either by the insurer or by arrangement with the insurer
- the policy or life annuity was a Personal Portfolio Bond in the year (even if the insurer has not paid cash or other benefits during the year in connection with that bond)

A certificate may not have been received for a number of reasons. The insurer may not have an up-to-date address, or the insurer does not know about the event giving rise to the gain or fails to recognise that a gain has arisen. For instance, the policy may have been assigned to someone else, or the insured person may have died, and the insurer has not been informed.

If so, ask your insurer to tell you what sort of policy or annuity is held on trust or in the estate and whether there has been a chargeable event and a gain. If there was, also ask for a copy of the chargeable event certificate.

#### Is your policy a 'foreign policy'?

You may not have received a chargeable event certificate because the policy is a foreign policy taken out before 6 April 2000. A foreign policy is normally one issued by an insurer from outside the UK. Gains on foreign policies go on the Trust and Estate Foreign pages. Go to [www.gov.uk](http://www.gov.uk) and search for 'SA904'. (See the notes on boxes 4.6 to 4.8 of the 'Foreign' pages and Helpsheet 321, 'Gains on foreign life insurance policies'. Go to [www.gov.uk](http://www.gov.uk) and search for 'HS321'.)

A UK insurer may also issue a foreign policy as part of its 'Overseas Life Assurance Business'. This is a type of policy sold by a UK insurer

## How to fill in pages 3 to 12 of the Trust and Estate Tax Return - continued

to a person who, at the time it was taken out, was residing outside the UK. If the policy was taken out on or after 17 March 1998, gains from this type of policy go on the 'Foreign' pages.

Gains from Overseas Life Assurance Business policies which were taken out before 17 March 1998 are not treated as arising from foreign policies, put these in boxes 9.14 to 9.16 according to this guidance. If you think a gain might have been made on one of these policies taken out before 17 March 1998, but you have not received a certificate, contact your insurer.

### General guidance for trustees and personal representatives

Helpsheet 320, 'Gains on UK life insurance policies', contains more information and general guidance about how gains are taxed. In addition, it explains how the rules apply to a trust created by more than one person, says more about 'enhancements' and explains about the taxation of Personal Portfolio Bonds. Go to [www.gov.uk](http://www.gov.uk) and search for 'HS320'.

Not all payments from, or assignments of, life insurance policies or other insurance contracts give rise to gains. In particular (but not exclusively), there's likely to be no gain where:

- a payment has been received under a mortgage endowment policy or a friendly society tax-exempt policy which has run for more than 10 years
- a payment has been received under a policy for which a single premium was paid and the payment received is 5% or less of the premium
- all or part of the policy has been gifted to someone else

Pension annuities also do not give rise to gains.

### Does the gain need to be included on the Trust and Estate Tax Return?

A gain may be taxable on a person other than the trustees or the personal representatives. To determine whether a gain reported by a certificate from the insurer needs to be included on the Trust and Estate Tax Return, go to the section headed 'Personal representatives' or the section headed 'Trustees including trustees of charitable trusts' as appropriate.

### Personal representatives

Many policies and life annuities terminate as a result of the death of their beneficial owner. If so, the gain is treated as income of the deceased arising immediately before death. If a policy is held in a trust created by the deceased or to which the deceased contributed, the gain arising on death is also treated as the deceased's income arising immediately before the death. This is also the case where the policy which is held in trust continues to run after death and is surrendered or matures after death but before the start of the next tax year on the following 6 April.

But where the life insurance policy, life annuity or capital redemption policy continues to run after death and is not held in trust, any gain arising in connection with the continuing policy or annuity when it matures, is surrendered or sold, is treated as income of the estate.

The personal representatives only have to enter details of the gain in the return when the gain has no tax treated as paid on it.

With UK policies this will be the case if:

- the personal representatives have sold or surrendered part or all of a tax-exempt policy sold by a friendly society
- this type of policy has matured and, exceptionally, given rise to a gain
- the personal representatives have sold or surrendered part or all of certain UK life annuity contracts
- the personal representatives have agreed to commute future annuity payments in return for a lump sum while the policy or contract was an asset of the estate. The chargeable event certificate will confirm that no tax has been treated as paid. Enter the details in box 9.14.

Gains on all other UK life insurance policies, capital redemption policies and life annuities are treated as if tax at the basic rate has been paid on them. Personal representatives therefore have no further liability to tax on these gains; do not enter any amount for them in boxes 9.15 and 9.16.

Gains on foreign insurance policies and contracts go in boxes 4.6 to 4.8 of the Trust and Estate Foreign pages. You can find more guidance in the notes on the 'Foreign' pages and in Helpsheet 321, 'Gains on foreign life insurance policies'. Go to [www.gov.uk](http://www.gov.uk) and search for 'HS321'.

### Trustees including trustees of charitable trusts

If the rights under a policy or life annuity are held in trust, any gain is usually treated as income of the person who created the trust, not of the trust itself. If this is the case, send copies of any chargeable event certificates reporting the gain to this person. If the trust is a charity, however, then any gain is treated as income of the trustees of the charity, so complete boxes 9.14 to 9.16 in accordance with the guidance in the section below headed 'Completion of boxes 9.14 to 9.16'. These gains are taxable on the trustees at the basic rate.

The gain is deemed to be income of the trustees of a trust, which is resident in the UK and is not a charity, if the trust or trusts were created by:

- an individual who is not resident in the UK
- an individual who was deceased at the time of the chargeable event unless the gain arose before the end of the year of assessment in which the creator of the trust died, in which case it's treated as income of the deceased
- a company or other entity that is non-resident, has been dissolved, wound up or has otherwise come to an end
- a body or person other than an individual, such as another trust (but only if the policy was taken out on or after 9 April 2003)

This rule also applies where the rights under a policy or life annuity are held as security for a debt owed by UK trustees. Where a gain is treated as income of UK trustees, and the trust is not a charity, it's taxable at the trust rate. Trustees must not, however, return gains on the Trust and Estate Tax Return in the following 2 situations.

The first situation is where the trust is a bare trust. A gain on a policy or life annuity held in a bare trust is treated as income of the beneficiary of the trust. Beneficiaries include it in their own tax return on the 'Additional information' pages, other UK income boxes, boxes 4 to 7 on page Ai 1 for UK policies and life annuities. Send a copy of any certificates which you've received reporting such gains to the relevant beneficiary.

The second situation is where the policy or life annuity was taken out before 17 March 1998 and both of the following apply:

- it has not been 'enhanced' on or after 17 March 1998 by paying additional premiums or in any other way
- the trust or trusts were created by an individual who died before 17 March 1998, or if created by more than one person, at least one of those persons was an individual who died before this date

In these circumstances, neither the trustees nor the creators of the trust are liable for tax on the gain.

### Completion of boxes 9.14 to 9.16

The completion of these boxes will be assisted by information shown on the chargeable event certificates reporting the gains which are treated as income of the personal representative and trustees, including trustees of charitable trusts. Apart from when there has been a sale or assignment, the certificate will show the following information:

- the policy details
- the type of event giving rise to the gain and the date when it occurred

## How to fill in pages 3 to 12 of the Trust and Estate Tax Return - continued

- the amount of the gain
- whether basic rate tax is treated as paid on the gain and, if so, how much
- the number of years either since the policy was taken out or since the last event, whichever is the less (although this information is not relevant for the tax liabilities of personal representatives and trustees)

In some cases, the insurer may have sent you more than one certificate relating to a particular gain, with the later certificate showing a revised figure of benefits paid or amount of chargeable gain. In this case, use the details on that later certificate.

First make sure that the gain is taxable in 2022 to 2023. The certificate may show one date relating to the event giving rise to the gain or it may include 2 dates. If the certificate only shows one date then this is the date of the event. If this falls in the year ended 5 April 2023 then the gain must be entered in the tax return for 2022 to 2023. If the certificate shows 2 dates relating to the event then only enter the gain on the tax return for 2022 to 2023 if the later of these dates falls in the year ended 5 April 2023. This later date is the final day of an 'insurance year' in which the event occurred.

An 'insurance year' (which may also be referred to as 'policy year') is usually a 12-month period beginning on the anniversary of the date on which the policy was taken out. For instance, a policy taken out on 1 July 1998 would have an insurance year ending on 30 June 2020. If, using the same policy example, you made a part surrender on 31 January 2023, the certificate would show both the date of the part surrender, 31 January 2023, and the end of the insurance year, 30 June 2023. The gain would go on next year's tax return for 2023 to 2024, not this one, because 30 June 2023 falls in the 2023 to 2024 tax year.

If the event is other than a sale or assignment for money or money's worth then the certificate will also show the gain and any basic rate tax treated as paid.

Personal representatives and trustees – enter in box 9.14 the total gains treated as their income if the certificate does not show any tax treated as paid.

Trustees – enter the total gains treated as their income that are treated as having been taxed in box 9.16 and the tax treated as paid in box 9.15. The tax treated as paid is 20% of the amount in box 9.16. Personal representatives must not make any entry in boxes 9.15 and 9.16.

If the event is a sale or assignment for money or money's worth then the certificate will show the same information as for other events apart from the amounts of the gain and the tax treated as paid. It will show:

- whether (but not how much) tax is treated as paid on the gain
- the total previous gains, if any
- the premiums or consideration paid
- the amount of previous capital payments (or relevant capital payments), if any
- the value of parts previously assigned, if any
- for purchased life annuities, the capital elements paid on account of the annuity

Using this information and the value received for disposing of the policy, you can calculate the gain and tax treated as paid. Helpsheet 320, 'Gains on UK life insurance policies' gives you help with the calculation. Go to [www.gov.uk](http://www.gov.uk) and search for 'HS320'. Then complete boxes 9.14 to 9.16 as above.

### Multiple gains

If, in your capacity as personal representative or trustee, there's more than one gain to include on the Trust and Estate Tax Return, add together the amounts of the gains and any tax treated as paid and enter the totals for each in boxes 9.14 to 9.16, as appropriate, according to the guidance.

### Other income

There are many types of transaction which produce taxable income. Examples include:

- dividends from the tax exempt profits of a UK Real Estate Investment Trust or Property Authorised Investment Fund (PAIF)
- all casual earnings not declared elsewhere on the Trust and Estate Tax Return, including 'one off' freelance income
- receipts under covenants entered into for genuine commercial reasons which are in connection with the payer's trade, profession or vocation
- profits from isolated literary or artistic activities
- rental from leasing equipment the trust or estate owns
- Accrued Income Scheme profits on the transfer of securities (trustees only)
- underwriting or sub-underwriting commissions
- income received after interest in a business has ceased, or received following a change in the basis on which the profits of that business are calculated, this applies only if the income would not otherwise have been taken into account for tax purposes during the life of the business – for examples see 'Post cessation and similar business receipts' in the next column
- any recoveries of expenses or debts for which you claimed relief as a post cessation expense
- sale of patent rights if a capital sum was received
- annual payments received in the year including annual payments received from UK exempt unauthorised unit trusts, and annual payments paid by former employers which do not constitute the payment of a pension
- income from an estate in administration distributed to trustees of an accumulation or discretionary trust by the personal representatives

Include the income or losses from transactions relating to an activity which amounts to a trade in the Trust and Estate Trade pages, Partnership pages, or UK Property pages (furnished holiday lettings) as appropriate. If this income does not arise in the course of a trade, profession or vocation, include it in boxes 9.17 to 9.26. Contact us if you're in any doubt about this.

### Other income

#### boxes 9.17 to 9.26

Keep a record of the separate items of income, and any relevant expenses relating to each item, in case you are asked for details later. Helpsheet 325, 'Other taxable income' has a working sheet that you can use to arrive at aggregate figures to put in the boxes if the trust or estate had more than one type of 'other income'. You can only set losses of the year against certain types of 'other income' – see the note on losses on Helpsheet 325 if you need it. If the trust or estate only had one type of 'other income' during the year, follow the instructions below. Otherwise, go to [www.gov.uk](http://www.gov.uk) and search for 'HS325' and complete the working sheet.

### Trustees

Where a will sets up a continuing trust, either during or at the end of the administration period, the personal representatives will distribute the income which arose during the administration to the trustees of that trust. This income has been taxed in the hands of the personal representatives. If the trustees of a discretionary or accumulation trust have received any such income in the year, then they enter:

- dividend type income in box 9.10
- interest and other savings type income in boxes 9.7 to 9.9
- all other income in boxes 9.17 to 9.19



## How to fill in pages 3 to 12 of the Trust and Estate Tax Return - continued

**box 9.17** Enter the amount of income after any tax taken off, and after any allowable expenses or capital allowances for this year. If overall there was a loss for the year enter '0'. There are notes below about expenses, losses and some types of income.

**box 9.18** Enter the amount of any tax taken off the payments received.

**box 9.19** Enter in box 9.19 the amount of income before any tax was taken off, but after any allowable expenses or capital allowances for the year (box 9.17 plus box 9.18). If the result is a loss, it can be set against income in a future year – see the notes on 'Losses' in the next column – and enter it in box 9.22. If you have more than one source of 'other' income, deduct any loss made in the year that can be set off against other types of income (see Helpsheet 325) and enter the net amount in box 9.19.

### Cashbacks

You may have to pay tax if the trust or estate has, as an incentive to take out a mortgage or to purchase an asset:

- received cash
- received an asset
- had any liabilities waived or paid for

You may be taxable on the amount or value of what it received or had waived or paid.

The payer of the incentive may be able to tell you whether there's any tax liability. If not, ask us or your tax adviser.

If the amount is liable to Income Tax (which is likely only where the cashback consists of payments receivable in more than one year), enter it in box 9.19. (If you are not sure whether the amount is liable to Income Tax, include it in box 9.19 and give full details of the cashback in the 'Additional information' box, box 21.9, on page 12 of the Trust and Estate Tax Return.)

### Post cessation and similar business receipts

Include any income received from a business in which the trust's or estate's involvement has ceased. If the basis on which the profits of a business are calculated has changed, include here any receipts which, as a result of that change, would not otherwise be taken into account for tax purposes during the life of the business.

Examples include:

- money recovered from a bad debt which had been written off in the business accounts
- royalties arising after the business ceased from contracts made before it ceased
- receipts relating to work completed before the basis on which profits are calculated changed from a cash to an earnings basis

There are 2 ways of dealing with this. Either you enter the total in box 9.19 or, alternatively, you can claim to have the income taxed as income of the year in which the business ceased. If you wish to do this do not use box 9.19. Instead, enter the amount and the year in which the business ceased in the 'Additional information' box, box 21.9, on page 12 of the Trust and Estate Tax Return.

If you think you may be entitled to claim relief for post cessation expenses please contact us.

Where the income relates to a discontinued business, the amount you need to include in boxes 9.17 and 9.19 is net of:

- losses and expenses, not arising from the discontinuance itself, which would have been allowable had the business continued
- any unused losses and unused capital allowances of the discontinued business
- any such expenses brought forward from earlier years which have not previously been relieved against post cessation receipts

Where the receipts arise from a change in the basis on which the profits of a business are calculated, the amount you need to include

in boxes 9.17 and 9.19 is net of any expenses not otherwise allowed which would have been deductible but for the change.

### Expenses

The amount of taxable income is the gross income the trust or estate is entitled to (whether or not received) in the tax year **minus** allowable expenses incurred in that year. Allowable expenses are those which:

- had to be spent solely to earn the income
- were not spent for private or personal reasons
- were not spent to buy something which the trust or estate intends to keep for a while (such as a computer), but you may be able to claim capital allowances for this expense – ask us for help, if you need it

You cannot set expenses against annual payments.

Please read the notes on 'Post cessation and similar business receipts' in the previous column of this guide for guidance on expenses which are allowable in arriving at the taxable amount of receipts from a discontinued business or arising from a change in the basis on which business profits are calculated.

### Losses

If the allowable expenses are more than the receipts, the trust or estate has suffered a loss. Some, but not all, losses can be set against some types of income from other transactions in the 'other income' category.

If there's no such income this year, losses can be carried forward and set against similar income in future years.

You cannot set losses against annual payments.

If you're in any doubt about which losses you can claim or how to claim them, ask us or your tax adviser.

**box 9.20** Enter any unused allowable losses brought forward from earlier years.

**box 9.21** Enter the amount of any loss brought forward which can be set against the income in box 9.19. Include only the amount up to the amount of that income. You cannot set losses against all categories of other income, for example, you cannot set losses against annual payments – see the notes that follow.

**box 9.22** Enter the amount of any loss for the year which you are claiming to carry forward to a later year.

### Deemed income

There are certain items that are treated as income for tax purposes. These include:

- profits on the disposal of deeply discounted securities
- profits under the Accrued Income Scheme
- disposals of futures and options
- sales of foreign dividend coupons
- chargeable events for employee share ownership trusts (trustees only)
- offshore income gains
- transactions in deposit rights
- certain transactions in land

Trustees, other than trustees of exempt unauthorised unit trusts, are taxable at the trust rate on their deemed income, even if they are not normally liable at this rate. Trustees of exempt unauthorised unit trusts are not chargeable at the trust rate on deemed income and must include deemed income in box 9.19.

Personal representatives are chargeable at the basic rate on deeply discounted securities, gilt strips, Accrued Income Scheme profits and the other types of deemed income listed above.

### box 9.23

#### Deeply discounted securities

Deeply discounted securities have replaced those types of securities previously termed deep discount bonds and deep gain securities. Broadly, these are securities where the investor's return is mainly made up of a discount or premium payable on redemption of the bond rather than by interest payable over the life of the bond.

The discount or premium is the difference between the price at which the bond was issued and the amount payable on redemption.

The discount or premium must be capable of being more than:

- 15% of the redemption price, or, if smaller
- 0.5% of the redemption price for each year of the bond's life (for example, in the case of a 10-year bond any discount of 5% or more would mean it was a discounted bond)

A security with an uncertain yield, for example, linked to the Retail Prices Index, will usually be a deeply discounted security.

A security fully linked to the value of assets which would be chargeable assets under the Capital Gains Tax rules (for example, a security whose yield is fully linked to the index, and gives no guaranteed minimum return on your investment) will not normally be a deeply discounted security. If the trust or estate had a deeply discounted security, you will generally be taxable only when you dispose of the security in any way or it's redeemed at that time. You'll be taxable on the difference between the amount paid for the security and the amount received when you redeemed or sold it. Tax is not deducted from the payment.

Personal representatives and trustees, except trustees of an exempt unauthorised unit trust, include the gross amount of the discount in box 9.23. Trustees of an exempt unauthorised unit trust, include that income in box 9.19 instead.

#### Gilt strips and strips of non-UK government securities

These are deeply discounted securities. In contrast to the usual rules there's a charge on the discount each year even if the securities were not disposed of during the year. The discount charge is worked out by comparing the published market values of the strips on 5 April with their published market values a year earlier, or with the price paid for them if bought during the year. (This is achieved by deeming a disposal of the strips on 5 April and a reacquisition on 6 April, both the deemed disposal and deemed reacquisition taking place at their market value on 5 April.) Since 15 January 2004, market value means the published market price.

Personal representatives and trustees, except trustees of an exempt unauthorised unit trust, enter the discount at box 9.23. Trustees of an exempt unauthorised unit trust, include that income in box 9.19 instead.

#### Losses on deeply discounted securities

- Strips

You cannot claim any relief for a loss on redemption or disposal of a strip (including a deemed 5 April disposal) to the extent that the proceeds (or the 5 April market value in the case of a deemed disposal) are less than your original acquisition cost of the strip. This applies generally to strips acquired on or after 15 January 2004.

- Other deeply discounted securities

For deeply discounted securities other than strips, you cannot claim any relief for a loss on redemption or disposal, unless the security has been held since 26 March 2003 and it was then, or had been, listed on a recognised stock exchange. If that applies, deduct the qualifying loss in arriving at the amount to enter in box 9.23.

#### Accrued income

Accrued income securities include all interest bearing securities, including permanent interest bearing shares in a building society, government loan stock (gilts) and company loan stock, but do not include shares in a company or National Savings Certificates.

No profit arises and no loss is made for 2022 to 2023 if the nominal value of all accrued income securities held on disabled persons' trusts or by a personal representative at any time in 2022 to 2023 or 2021 to 2022 did not exceed £5,000.

Calculate profits or losses for securities you've bought or sold or transferred where the next interest payment after your purchase or sale fell between 6 April 2022 and 5 April 2023.

A profit will arise if the trust or estate purchased securities without accrued interest (ex-dividend) or sold securities with the accrued interest (cum-dividend). The profit will be the accrued interest not received, that is the amount by which the purchase price was reduced (purchase ex-dividend) or the sale price was increased (sale cum-dividend).

A loss will be made if the trust or estate purchased securities with accrued interest (cum-dividend) or sold securities retaining the right to the next interest payment (ex-dividend). The loss will be the amount by which the purchase price was increased (purchase cum-dividend) or the sale price was decreased (sale ex-dividend).

Strictly, you deal with each kind of security separately. On each kind of security combine the profits and losses. Where the profits exceed the losses for a particular kind of security the net amount is chargeable. The charge is at the trust rate for all trustees, other than trustees of an exempt unauthorised unit trust, and at the basic rate for personal representatives. Trustees of an exempt unauthorised unit trust are chargeable at the basic rate.

Add together all the chargeable amounts and enter the figure in box 9.23. Trustees of an exempt unauthorised unit trust, include the amount in box 9.19.

Where losses exceed profits on a security, include the net interest arising on that security and the tax deducted on it in boxes 9.7 and 9.8. Enter in box 9.9 the net interest plus the tax deducted minus the amount of the excess of the losses over the profits.

If the trust or estate was a partner, it's also chargeable on its share of any profits on accrued income securities held by the partnership. Include the amounts in box 9.23. Both trustees and personal representatives use their share of any excess losses to reduce income in box 9.9.

#### box 9.24

Personal representatives and trustees, other than trustees of an exempt unauthorised unit trust, include the other types of deemed income listed at the beginning of this section ('Deemed income') on page 17 of this guide in box 9.24. Trustees of an exempt unauthorised unit trust, include them in box 9.19.

#### Income from offshore funds

You may need to make an entry in this box if the trust or estate has disposed of an interest in an offshore fund.

The rules relating to this can be quite complex; HM Revenue and Customs has published guidance in its Investment Funds Manual [www.gov.uk/government/collections/hmrc-manuals](http://www.gov.uk/government/collections/hmrc-manuals) or alternatively ask your tax adviser. The following is only a general overview.

The term 'offshore fund' is defined in UK tax legislation; broadly, such a fund is an investment scheme of which the trustees or operators are not resident in the UK (for example, unit trusts operated under Jersey laws and Belgian SICAVs are offshore funds). Other than 'open-ended' investment companies, non-resident companies generally are not offshore funds, but check this with the fund manager or your tax adviser.

## How to fill in pages 3 to 12 of the Trust and Estate Tax Return - continued

In certain circumstances, gains on disposals of holdings in offshore funds are charged to tax as income instead of being taxed as capital gains. If that's the case then enter the un-indexed gain on disposal of the interest in the offshore fund in box 9.24. Where that is not the case, then return any gain or loss on disposal on the Trust and Estate Capital Gains pages and not in box 9.24. If this applies, you can get copies of the Trust and Estate Capital Gains pages. Go to [www.gov.uk](http://www.gov.uk) and search for 'SA905'.

Return any income received by the trust or estate from the offshore fund on Foreign page TF2 in box 4.5 or on page 4 of the Trust and Estate Tax Return, as appropriate. The voucher or fund manager will give relevant details about the type of income arising.

### Company purchase of its own shares

#### boxes 9.26

Qualifying distributions where a company buys its own shares are taxable on the trustees at the dividend trust rate. They are treated as dividends. Box 9.25 is not in use.

Enter in box 9.26 the total taxable amount. You calculate this by deducting from the actual deemed dividend the amount of the deductible trust management expenses.

Please note that if the amount of the deemed dividend exceeds the total amount of trust management expenses paid, the amount of deductible management expenses to be entered in box 13.19 will be nil.

If the trust is non-resident in the UK for Income Tax purposes, expenses which are attributable to sources of income not liable to UK Income Tax cannot be deducted from the income from companies buying their own shares. The amount of expenses to be deducted will be the total trust management expenses paid multiplied by the total taxable UK income divided by the total income of the trust.

### Q9A Standard rate band

The standard rate band applies only to trustees. Personal representatives should go to Question 10A.

Trustees with any income chargeable at the special trust rate must complete box 9A.1

The first £1,000 of income which would otherwise be chargeable at the special trust rates is instead chargeable at the basic or dividend rate, depending on the nature of the income. This first £1,000 of income is known as the standard rate band. If you've ticked box 8.4 or 8.15, your income will not normally be liable at the special trust rates but there are occasions when they'll apply. This will happen if you receive certain sums that are capital in trust law, for example, gains on life insurance policies and certain lease premiums, but which are treated as income for Income Tax purposes (see the notes for 'Deemed income' on page 17). These sums are chargeable on all trustees, except trustees of an exempt unauthorised unit trust, at the special trust rates.

In box 9A.1 enter the amount of standard rate band to which you are entitled. This cannot be more than £1,000 but it will be reduced if any settlor of the trust or settlement has made more than one trust or settlement, which are in existence during any part of the period covered by this tax return. Where this is the case the £1,000 is divided by the number of settlements made by the settlor though it cannot be reduced below £200. So, if a settlor has made:

- 2 trusts or settlements, each will have a standard rate band of £500
- 3 trusts or settlements, each will have a standard rate band of £334
- 4 trusts or settlements, each will have a standard rate band of £250
- 5 or more trusts or settlements, each will have a standard rate band of £200

Where there is more than one settlor, the calculation of the standard rate band is made by reference to the settlor who has made the most trusts or settlements.

The standard rate band applies after the deduction of allowable expenses – see Question 13. The standard rate band is applied in the following sequence to the different types of income:

- first to non-dividend-type income (rent, business income, savings)
- then to dividend-type income

### Q10A Do you want to claim any reliefs or have you made any annual payments or patent royalty payments?

If you do not tick the 'Yes' box, go to Question 11.

Otherwise, tick the 'Yes' box and fill in boxes 10.1A to 10.7A and/or 10.1B to 10.1C as appropriate, using the notes that follow. Trustees of an exempt unauthorised unit trust who made, or are treated as having made, deemed payments, tick the 'Yes' box and complete boxes 10.2A to 10.4A, following the guidance at [www.gov.uk/guidance/unauthorised-unit-trusts-and-pension-fund-pooling-schemes](http://www.gov.uk/guidance/unauthorised-unit-trusts-and-pension-fund-pooling-schemes)

- Personal representatives: interest on loans and payments made under alternative finance arrangements to pay Inheritance Tax

#### box 10.1A

Personal representatives are chargeable on the whole of the income that arises on an estate after the date of death. They're not entitled to a deduction for expenses. But they can claim relief for interest on loans and alternative finance arrangements taken out to pay the Inheritance Tax due on the estate if they're obliged to pay this tax when the Inheritance Tax account is delivered. The relief is limited to interest paid for a maximum 12-month period from the date the loan was made.

Enter in box 10.1A the amount of interest paid or alternative finance payments; if you need help ask us or your tax adviser.

- Trustees

#### boxes 10.2A to 10.4A

Enter here the amount of any annuity or other annual sum, other than patent royalties, payable out of the trust's income. If the annual payments (box 10.4A) exceed the trust income brought into charge, the trustees are taxable on the excess. This is likely to apply to charitable trusts that make these payments if their income is otherwise exempt from tax.

#### boxes 10.5A to 10.7A

Relief for patent royalties is not available for payments made on or after 5 December 2012. This does not affect the requirement to deduct tax from payments, so show the relevant information here.

- Vulnerable beneficiaries

#### box 10.1B

If you've ticked the 'Yes' box at 10B, enter in box 10.1B the amount of relief claimed against Income Tax only. Enter relief claimed against Capital Gains Tax in box 5.6E of the Trust and Estate Capital Gains pages. You can only make a claim if you have made a valid election (see the notes on boxes 8.17 and 8.18 on page 12).

A tick in box 8.18 applies the special treatment to both Income Tax and Capital Gains Tax, if any.

### ● Employee benefit settlement

#### box 10.1C

'Discretionary employment income payment' means a payment made in the exercise of a discretion, out of income by a UK resident employee benefit settlement, to a beneficiary where the payment is taxed as employment income of the beneficiary.

An employee benefit settlement is one where the trusts on which the settled property is held do not permit the settled property to be applied otherwise than for the benefit of:

- one or more relevant classes
- such persons and for charitable purposes

'Relevant class' means a class defined by reference to one or more of the following:

- employment in a particular trade or profession
- employment by, or holding office with, a body carrying on a trade, profession or undertaking
- marriage to or civil partnership with, or relationship to, or dependence on, persons of a class mentioned in the 2 bullets above

The amount of relief is the lesser of:

- the discretionary employment income payments made in the year multiplied by the trust rate
- the amount of the tax pool in box T9.21

If any compensation payments were made under ESC A68 for years up to and including 2009 to 2010 the tax pool brought forward, shown in T9.21, must be reduced to reflect all previous compensation payments under ESC A68.

#### Q11 Were any annual payments made out of capital or out of income not brought into charge to Income Tax?

If you do not tick the 'Yes' box, go to Question 12.

#### boxes 11.1 to 11.3

For example, if the trustees have received enhanced stock dividends and made compensatory payment out of capital to beneficiaries, enter the amount of the payment made in box 11.1, the tax taken off in box 11.2 and the gross amount in box 11.3.

#### Q12 Have any assets or funds been put into the trust in the year 2022–23?

#### boxes 12.1 to 12.9

Use boxes 12.1, 12.4 and 12.7 to provide the name and address of any person who made an addition to the trust during the year to 5 April 2023. If the trust was first created after 5 April 2022, please include details of the original settlement. Describe the assets in boxes 12.2, 12.5 and 12.8, for example, shares, cash, and so on. Enter in boxes 12.3, 12.6 and 12.9 the value of the asset at the date it was added to the trust or settlement funds.

#### Q13 Is any part of the trust income not liable to tax at the special trust rates?

Tick the box only if there's trust income to which beneficiaries have an entitlement or which is applied for specific purposes. If the only income which is not liable at the special trust rates is the income within the standard rate band, do not tick the box. The standard rate band is the first £1,000 of income which would otherwise be chargeable at the special trust rates but which is instead taxable at the basic or dividend rates, depending on the nature of the income.

### ● Trust management expenses

#### From which income may expenses be deducted?

If you're liable at the special trust rates, you can deduct allowable trust management expenses in arriving at the amount of income on which you're taxable at those rates. You cannot deduct trust management expenses in arriving at the amount of income taxable only at the basic rate (20%) or dividend rate (8.75%).

You can only deduct expenses that relate to that part of the income which is taxable at the special trust rates. For example, you may be the trustee of a trust where one half of the income is taxable at the special trust rates and one half is not. If the total income is £5,000 and the allowable expenses are £1,000, you can deduct only £500 expenses as the other £500 relates to income which is not taxable at the special trust rates.

#### What expenses are deductible for trustees?

Trustees cannot deduct management expenses against income taxable only at the dividend rate (8.75%) or basic rate (20%).

You can deduct the expenses of managing the trust from trust income chargeable at the special trust rates, provided the expenses are under general trust law properly chargeable to income. To be properly chargeable to income, the expenses must be incurred exclusively for the benefit of the income beneficiaries.

You cannot deduct expenses that are incurred for the benefit of the whole estate, for example, legal expenses, the cost of investment advice or of changing trust investments. Under trust law such expenses are properly chargeable to capital. You can find more guidance on what are allowable trust management expenses for trustees in Helpsheet 392 Trust management expenses (TMEs). Go to [www.gov.uk](http://www.gov.uk) and search for 'HS392'.

#### How expenses are deducted

You must deduct any allowable expenses against income in the following order:

- 1 any excess against dividend income, then
- 2 any excess against savings income, finally
- 3 any excess against other income.

The standard rate band applies after the deduction of allowable expenses.

As you complete the Trust and Estate Tax Return, you may find that a proportion of income is not taxable at the special trust rates and that you've more than one type of income against which you can allocate expenses.

For example, some of the income may not be the subject of any discretion or may be allocated for specific purposes and the income may be of different types. When this happens you will have to apportion the expenses (between income chargeable at the special trust rates and that which is not so chargeable) and then allocate expenses against different types of income in the order indicated – see Example 1.

## How to fill in pages 3 to 12 of the Trust and Estate Tax Return - continued

### Example 1

The total trust income is £5,000, comprising rental income of £4,000 and interest of £800 (basic rate tax of £200 has been deducted). £500 is allocated for specific purposes. You pay allowable expenses of £500. One half of the income is taxable at the special trust rates. You can calculate the amount of income taxable at the special trust rates as follows:

	Rent	Interest
<b>Income</b>	4,000	1,000
minus		
Income allocated for specific purposes (apportioned at a ratio of 4:1)	(400)	(100)
	3,600	£900
minus		
Income not taxable at the special trust rates (1/2)	(1,800)	(450)
	1,800	450
<b>Expenses</b>	500	
minus		
Apportioned to income allocated for specific purposes	$500 \times \frac{500}{5,000} = 50$	
	450	
minus		
Apportioned to income not taxable at the special trust rates	$450 \times \frac{2,250}{4,500} = 225$	
Allowable against income taxable at the special trust rates	$225 \times \frac{100}{80} =$	(281)
<b>Amount taxable at special trust rates</b>	<b>1,800</b>	<b>169</b>

The standard rate then applies: £1,000 is taxable at 20%, and the balance £969 is taxable at the special trust rate of 45%

### Trust expenses and beneficiary's income – bare trust

If the beneficiary has an absolute interest in both capital and income, you cannot deduct trust management expenses in arriving at the measure of his or her income.

### Trust expenses and beneficiary's income – interest in possession trust

If the beneficiary has an interest in income only, trust management expenses are taken into consideration in arriving at the measure of the beneficiary's income – see Example 2.

You can find more guidance on what are allowable trust management expenses for beneficiaries in Helpsheet 392, 'Trust Management Expenses (TMEs)'. Go to [www.gov.uk](http://www.gov.uk) and search for 'HS392'.

### Example 2

You are trustee of a trust in which the beneficiary has a life interest (the beneficiary is called a 'life tenant'). In 2020 to 2021 you receive rental income of £1,500 and interest of £800 (basic rate tax of £200 has been deducted) and pay allowable expenses of £250.

	Rent	Interest
Your gross income	1,500	1,000
Tax due from you	<u>300</u>	<u>200</u>
Net income	1,200	800

You will receive credit for the tax deducted at source from the interest (£200) so you will have to pay £300 in tax.

The life tenant's income for tax purposes will be:

	Rent	Interest
Net income (as above)	1,200	800
minus		
Management expenses	<u>1,200</u>	(250)
		550
Grossed	(x 20%) 1,500	(x 20%) 687

**boxes 13.7 to 13.18** If you have ticked the 'Yes' box in Question 13, you'll need to complete boxes 13.7 to 13.18.

The following notes and the working sheet on page 22 will help you to complete these boxes.

**boxes 13.7 to 13.12** Complete these boxes if the terms of the trust are such that some part of the income is neither to be accumulated nor is payable at the discretion of any person. For example, a beneficiary may have an irrevocable title to part of the capital and income or may be entitled to part of the income as it arises.

You normally apportion each type of income that falls under this heading. You'll also need to apportion any allowable trust management expenses. However, if such a beneficiary's share of the income is not, under the terms of the trust or because the trustees have exercised their power of appropriation, measured as a percentage of each type of income, it's the income to which they're entitled and the trust management expenses relating to that income, which you enter in these boxes.

In boxes G1 and G5 enter the amount of income (not subject to trustees' discretion) net of tax or tax credits but without deducting trust management expenses.

In boxes G2 and G6 enter the amount of expenses relevant to each source of income to which the beneficiary is entitled. You must set the expenses as far as possible against the net income in the order set out under the heading 'How expenses are deducted' on page 20 of this guide.

In boxes G3 and G7 enter the amount of tax due on each source of income and in boxes G4 and G8 enter the gross amount of income (that is, G1 plus G3, G5 plus G7) relevant to each source of income to which the beneficiary is entitled.

Enter similar details in boxes G9 to G16 for any other beneficiary who is entitled to the income of the trust and repeat the process at boxes G17 to G24 for any third beneficiary.

For each of the 2 categories of income, total the amounts of expenses and the amount of gross income for all the beneficiaries in boxes G25 to G28 and copy the amounts to the appropriate boxes 13.7 to 13.12 on the Trust and Estate Tax Return, as directed on the working sheet.

(If there are more than 3 beneficiaries, photocopy this section of the working sheet but remember to include totals in boxes G25 to G28.)

## Working sheet for Question 13

### Income of beneficiaries not subject to trustees' discretion

If there are more than 3 beneficiaries, photocopy this section and add the totals in boxes G25 to G28 below.

#### Beneficiary 1

Share of income (% or fraction if appropriate)

	Net income	Share of expenses	Tax	Gross income
Income charged at 8.5% rate	<b>G1</b> £ <input type="text"/>	<b>G2</b> £ <input type="text"/>	<b>G3</b> £ <input type="text"/>	<b>G4</b> £ <input type="text"/>
Income charged at 20% rate	<b>G5</b> £ <input type="text"/>	<b>G6</b> £ <input type="text"/>	<b>G7</b> £ <input type="text"/>	<b>G8</b> £ <input type="text"/>

#### Beneficiary 2

Share of income (% or fraction if appropriate)

	Net income	Share of expenses	Tax	Gross income
Income charged at 8.5% rate	<b>G9</b> £ <input type="text"/>	<b>G10</b> £ <input type="text"/>	<b>G11</b> £ <input type="text"/>	<b>G12</b> £ <input type="text"/>
Income charged at 20% rate	<b>G13</b> £ <input type="text"/>	<b>G14</b> £ <input type="text"/>	<b>G15</b> £ <input type="text"/>	<b>G16</b> £ <input type="text"/>

#### Beneficiary 3

Share of income (% or fraction if appropriate)

	Net income	Share of expenses	Tax	Gross income
Income charged at 8.5% rate	<b>G17</b> £ <input type="text"/>	<b>G18</b> £ <input type="text"/>	<b>G19</b> £ <input type="text"/>	<b>G20</b> £ <input type="text"/>
Income charged at 20% rate	<b>G21</b> £ <input type="text"/>	<b>G22</b> £ <input type="text"/>	<b>G23</b> £ <input type="text"/>	<b>G24</b> £ <input type="text"/>

		Share of expenses		Gross income
● Income charged at 8.5% rate	Total G2, G10 + G18	<b>G25</b> £ <input type="text"/>	Total G4, G12 + G20	<b>G26</b> £ <input type="text"/>
		copy to 13.8		copy to 13.7
● Income charged at 20% rate	Total G6, G14 + G22	<b>G27</b> £ <input type="text"/>	Total G8, G16 + G24	<b>G28</b> £ <input type="text"/>
		copy to 13.12		copy to 13.11

#### Income allocated to specific purposes

	Net income	Share of expenses	Tax	Gross income
● Income charged at 8.5% rate	<b>G29</b> £ <input type="text"/>	<b>G30</b> £ <input type="text"/>	<b>G31</b> £ <input type="text"/>	<b>G32</b> £ <input type="text"/>
		copy to 13.14		copy to 13.13
● Income charged at 20% rate	<b>G33</b> £ <input type="text"/>	<b>G34</b> £ <input type="text"/>	<b>G35</b> £ <input type="text"/>	<b>G36</b> £ <input type="text"/>
		copy to 13.18		copy to 13.17

### boxes 13.13 to 13.18

If the will or settlement directs that income is to be applied for specific purposes, for example, the redemption of a lease or mortgage, you can deduct it in arriving at the amount of income which is to be taxed at more than the basic rate. Do not include income which is applied for the maintenance, and so on, of beneficiaries; nor include income used to meet your expenses in collecting income or administering the trust.

In boxes G29 and G33 enter the amount of net income allocated to specific purposes relevant to each source shown.

In boxes G30 and G34 enter the amount of expenses relevant to each source of income allocated to specific purposes. You must set the expenses against the net income in the order set out under the heading 'How expenses are deducted' on page 20.

In boxes G31 and G35 enter the amount of tax due on each source of income.

In boxes G32 and G36 enter the gross amount of income (that is, G29 plus G31, G33 plus G35) relevant to each source of income. Copy the amounts in G30, G32, G34 and G36 to boxes 13.13 to 13.18 on the Trust and Estate Tax Return, as directed on the working sheet.

### box 13.19

Enter the total amount of deductible trust management expenses – see the notes on 'What expenses are deductible for trustees?' on page 20 of this guide. Do not include expenses which have been taken into account in arriving at the amount of taxable income from companies purchasing their own shares (see the notes for box 9.26).

If you submit a provisional figure which is either inaccurate, or unnecessary, you may be liable to a penalty.

### box 13.21

If the trust is not resident in the UK for Income Tax purposes enter in box 13.21 the amount of income not liable to UK Income Tax and which is not therefore included elsewhere in the Trust and Estate Tax Return.

### Q13A Is this a settlor-interested trust where part of the income is not settlor-interested?

Tick this box where there's trust income which is liable at the special rates but where some of the income is settlor-interested and some is not.

### box 13A.1

Enter an amount in this box only if you've ticked boxes 8.12 and 8.16 and part of the trust is not settlor-interested. The normal tax pool arrangements do not apply where income of the trust is treated as that of the settlor. So where part of the trust is settlor-interested and part not, enter in this box your calculation of the amount of the tax pool that relates to the part of the trust which is not settlor-interested. Similarly, a trust may become or cease to be settlor-interested part way through a tax year, for example, when the settlor marries a beneficiary or the settlor dies. Where this happens the tax paid by the trustees for income earned arising when the trust is not settlor-interested enters the tax pool. Tax paid by the trustees on income arising whilst the trust is settlor-interested is still available to cover the settlor's liability. An apportionment on a time basis is acceptable.

### Q14 Have discretionary payments of income been made to beneficiaries?

If you tick the 'Yes' box, fill in boxes 14.1 to 14.14 as appropriate. If not applicable, fill in box 14.15 only.

**Trustees of Heritage Maintenance Funds:** the boxes in Question 14 of the return are only for discretionary payments of pure income profit to individual beneficiaries, which would not normally feature in this type of trust.

Do not complete these boxes for expenditure on heritage property by you or even by way of payment to or reimbursement of a third party who is an individual. If you enter these figures here they may result in an incorrect tax charge on you.

### boxes 14.1 to 14.14

Enter details of all net payments made during the year in exercise of your or any other person's discretion which are income of the beneficiaries. Payments out of trust income are always the income of the beneficiaries. Payments out of trust capital including out of accumulated income or deemed income are not usually regarded as the income of a beneficiary irrespective of the purpose for which they're made and you should not normally include them here.

Exceptionally, payments out of capital are treated as the income of the beneficiary where, by the terms of the trust instrument, payments out of capital must be made, or may be made, in order to supplement income. For example, the trustees may use or have to use capital to make income up to a fixed amount or a certain defined level.

Payment is regarded as taking place when a beneficiary is legally entitled to ask for money to be paid over, for example, when it becomes irrevocably their property following the trustees' resolution to allocate or appropriate it to them.

Payments by trustees of settlor-interested trusts made at their or any other person's discretion and where the underlying income is chargeable on the settlor, are not to be included in boxes 14.1 to 14.14. Instead, give details of these payments in the 'Additional information' box, box 21.9. These details must include, for each payment, the actual amount paid by the trustees to each beneficiary and the name of that beneficiary. These payments are not included in the calculation of the tax pool. A settlor-interested trust is one where the settlor has retained an interest.

You can find more information in Helpsheet 270, 'Trusts and settlements – income treated as the settlor's'. Go to [www.gov.uk](http://www.gov.uk) and search for 'HS270'.

Where only part of the income arising to the trustees is chargeable on the settlor, then part of the payment will need to be shown in box 21.9 and part in boxes 14.1 to 14.14. The amount that goes in box 21.9 is the proportion of the discretionary payment which corresponds to the proportion of income chargeable on the settlor to the total income of the trustees. The rest of the payment is shown in boxes 14.1 to 14.14 as normal. For example, if the trustees make discretionary payments to the beneficiaries totalling £2,000 and their total income is £5,000, of which £3,000 is chargeable on the settlor, the amount to be shown in box 21.9 is £1,200 ( $2,000 \times 3,000/5,000$ ). The balance of £800 is shown in boxes 14.1 to 14.14.

Do not include payments by trustees of employment related trusts made at their, or any other person's, discretion and which are taxable as employment income of the beneficiary in boxes 14.1 to 14.14. These payments do not reflect in the calculation of the tax pool. If there's insufficient space on page 8 of the Trust and Estate Tax Return to give full details of payments, please attach a separate sheet giving the additional information in the same format as Question 14.

### box 14.15

Enter the amount, if any, of unused tax pool brought forward from last year.

**Q15 Have the trustees made any capital payments to, or for the benefit of, relevant children of the settlor during the settlor's lifetime?**

If you do not tick the 'Yes' box, go to Question 15A.

**box 15.1**

There may be a tax charge on the settlor where capital sums are paid to, or for the benefit of, a relevant child of the settlor and there is retained or accumulated income. In this context capital payments include the transfer of assets as well as payments of cash. A relevant child is a minor who has never been married or in a civil partnership. You can find more information in Helpsheet 270, 'Trusts and settlements – income treated as the settlor's'. Go to [www.gov.uk](http://www.gov.uk) and search for 'HS270'.

Enter in box 15.1 the total amount of payments made in the year.

**Q15A Were there capital transactions between the trustees and the settlors?**

If you do not tick the 'Yes' box, go to Question 16.

**boxes 15A.1 to 15A.12**

There may be a tax charge on the settlor where capital sums are paid to them by the trustees either directly or through a company connected with the settlor and there is available income.

A capital sum is defined as:

- any sum paid by way of loan or repayment of loan
- any other sum paid otherwise than as income being a sum which is not paid for full consideration in money or money's worth

A company is deemed to be connected with a settlement if it's:  
(a) a close company (or only not a close company because it is not resident in the UK) and the participators include the trustees of the settlement

(b) controlled by a company falling within paragraph (a) above.

A capital sum is deemed to have been paid to the settlor if it's:

- paid to them
- paid to their spouse or civil partner
- paid to a third party at the settlor's direction
- paid to a third party by virtue of an assignment by the settlor of their right to receive it
- otherwise paid to or applied for the benefit of the settlor

You can find more information in Helpsheet 270, 'Trusts and settlements – income treated as the settlor's'. Go to [www.gov.uk](http://www.gov.uk) and search for 'HS270'.

Enter in boxes 15A.1 to 15A.12 details of any capital sums paid to the settlor or to a company connected with the settlement. If any capital sum has been paid to a company connected with the settlement, enter the names of the companies and its (their) registered offices in the appropriate box. If more than one sum has been paid, give separate details for each one.

**Q16 Has the trust at any time been non-resident or received any capital from another trust which is, or at any time has been, non-resident?**

If you do not tick the 'Yes' box, go to Question 17.

**boxes 16.1 to 16.23**

There may be a tax charge on beneficiaries if they receive capital or other benefits from a trust which has at any time been treated as non-resident in the UK for tax purposes or which has received capital from another trust which is, or at any time has been, treated as non-resident.

For the purposes of deciding if you need an entry in box 16.1:

- a capital payment means
    - any payment made which is not chargeable to Income Tax on the beneficiary or, in the case of a beneficiary who is not resident in the UK, any payment received otherwise than as income
    - the transfer of an asset
    - the value of any settled property at the time when the beneficiary becomes absolutely entitled, as against the trustees, to it
- But it does not include a payment under a transaction entered into at arm's length.
- a benefit has its ordinary meaning and will, for example, include
    - a loan to a beneficiary either interest-free or at a rate below a normal commercial rate
    - allowing a beneficiary to live rent-free or at a rent below the normal market rent in a property owned by the trust
    - allowing a beneficiary the use of a trust asset without payment at a market rate
  - we'll regard you as having made a payment to the beneficiary if
    - they received it from you directly or indirectly
    - you apply it directly or indirectly in payment of any debt of theirs or otherwise for their benefit
    - you pay it to a third person at the beneficiary's direction

**Q17 Do you want to calculate the tax?**

If you tick the 'Yes' box, please do your calculation and fill in boxes 17.1 to 17.10. If you do not tick the 'Yes' box, go to Question 18.

Calculating your tax is optional but if you do it, we need this information so that we can check that you have got it right. The Trust and Estate Tax Calculation Guide explains what to put in the boxes.

**Q18 If the trust or estate has paid too much tax do you want to claim a repayment?**

If you do not tick the 'Yes' box, go to Question 19.

If you tick the 'Yes' box to claim a repayment, fill in boxes 18.1 to 18.12 as appropriate. Please do not tick the 'Yes' box if you have not paid any tax, or no repayment is due.

If the tax has been paid by credit or debit card, we will always try to repay back to the card first before making any repayment as requested in boxes 18.1 to 18.12.

Please note that if you have an amount to pay that's due in the near future (usually within 45 days) then we'll generally set off any repayment against this liability. Also, we would prefer not to make repayments of small amounts, because of administrative costs. So if the overpaid tax is below £10 we will normally set it against your next tax bill. But if you do not agree with these set-offs, please contact us.

Please note that this repayment may be based on figures included in a claim or tax return that has not been checked. This repayment is not confirmation that the figures submitted are correct and complete. If, at a later date, the claim or return is found to be incorrect, you'll have to return any over-repayment to us.



## How to fill in pages 3 to 12 of the Trust and Estate Tax Return - continued

### boxes 18.1 to 18.12

If you tick box 18.1 you'll receive repayment direct into your bank or building society. Fill in boxes 18.3 to 18.7 with details of your account. If you do not have a bank or building society account, tick box 18.8A. Electronic methods of payment have the benefit of being quicker, more secure and more cost effective than cheques.

Tick box 18.2 if you want the repayment sent direct to your nominee's bank or building society account. Fill in boxes 18.3 to 18.7 to give details of that account. Also, fill in boxes 18.10 and 18.11 to give details of your nominee. You must sign box 18.12. If your nominee is your adviser tick box 18.9A.

Please note that we reserve the right not to make a repayment to your nominee.

**Q19 Please provide a daytime phone number in case we need to contact you with any questions about the information you have provided in this return or in the Trust Register**

### boxes 19.1

Please enter your daytime phone number in this box. Please include the area code. This is the number we'll contact you on if we have any questions about your tax return.

**Q20 Tick this box if there have been any changes or additions to the people associated with the trust, and you've provided the updated details on the Trust Register or you've confirmed on the Trust Register that there have been no changes to the trust.**

You must update the Trust Register if any of the details about the trustees, personal representatives, beneficiaries (including members of the class of beneficiaries), settlors, protectors, agents or other people associated with the trust have changed and the trust is liable to tax. If they have not, you must confirm on the Trust Register that the details are unchanged. You must do this by 31 January.

Make sure that the Trust Register is up to date and accurate at the same time as you complete the SA900 Trust and Estate Tax Return, or before the trust is closed. If you've updated the Trust Register, or confirmed on the Trust Register that there are no changes, please tick box 20.1.

Please note that this question does not apply to Bare and Unit trusts, trustees in bankruptcy or Lloyds Underwriters. It also does not apply to updating details of any registered estates.

For more information about the Trust Register, who should complete it, what information has to be provided and how to access it, go to [www.gov.uk/trusts-taxes/registering-a-trust](http://www.gov.uk/trusts-taxes/registering-a-trust)

### Q21 Other information

#### box 21.1

If you're filling in this Trust and Estate Tax Return as a personal representative, please enter the date of death of the deceased in box 21.1.

#### box 21.2

If the administration period ceased in the year to 5 April 2023 enter the date of cessation in box 21.2.

#### box 21.3

If the administration period ceased in the year to 5 April 2023 and there's a trust established by the deceased's will,

or the rules of intestacy that apply in England and Wales, please tick box 21.3. For more information on new trusts go to [www.gov.uk/government/organisations/hm-revenue-customs/contact/trusts](http://www.gov.uk/government/organisations/hm-revenue-customs/contact/trusts)

#### box 21.4

If you're a trustee and the trust was terminated in the year to 5 April 2023 please enter the date of termination in box 21.4 and, in the 'Additional information' box, box 21.9, the reason for termination.

### Provisional figures

#### box 21.5

Do not delay sending the Trust and Estate Tax Return just because you do not have all the information you need. You must do your best to get the information, but if you cannot provide final figures by the time you need to send the Trust and Estate Tax Return, then provide provisional amounts.

Tick box 21.5 and say in the 'Additional information' box, box 21.9, which figures are provisional (refer to appropriate box numbers in the Trust and Estate Tax Return).

It would also help if you say in box 21.9:

- why you could not give final figures
- an approximate date by which you expect to provide your final figures

If you use provisional figures you must have taken all reasonable steps to get the final figures, and make sure that they're sent as soon as they're available. You could be charged a penalty if you did not have a good reason for using provisional figures or you did not take sufficient care to calculate the provisional figures in a reasonable amount. We would not regard pressure of work either on you or your tax adviser, or the complexity of the trust's or estate's affairs, as reasons for accepting provisional figures. You must make sure that any provisional figures you do include are reasonable and take account of all the information available to you.

If you submit a provisional figure which is either inaccurate, or unnecessary, we may charge you a penalty.

### Estimates (including valuations)

In some situations you may need to provide an estimated figure or valuation which you do not intend to amend at a later date.

Broadly, this will be the case where:

- a valuation is needed (for example, of an asset at a certain date for the purposes of calculating Capital Gains Tax liability)
- there's inadequate information to allow you to arrive at a reliable figure (for example, where the records concerned have been lost or destroyed)
- while there is inadequate information to arrive at a precise figure, a reliable estimate can be made

You should identify any valuations you've used, either by ticking the appropriate box in the Trust and Estate Tax Return, where there's one, and providing the details which the notes ask for, or by identifying the figure in the 'Additional information' box, box 21.9, on page 12 of the Trust and Estate Tax Return, and giving details of the valuation. Do not tick box 21.5.

You should also identify any figures in your Trust and Estate Tax Return which may not be reliable; where appropriate, explain how you've arrived at the figure. But if you're including an estimate which, while not a precise figure, is sufficiently reliable to allow you to make an accurate Trust and Estate Tax Return, there's no need to make specific reference to it.

#### box 21.6

Enter the amount of any 2022 to 2023 tax refunded by us, or, in the case of personal representatives, the Jobcentre Plus, (in Northern Ireland, the Social Security Agency).

### Coronavirus support scheme payments declaration

**box 21.6A** If the trust or estate received any coronavirus support scheme payments put a tick in box 21.6A to confirm that these payments have been included as taxable income in the relevant boxes of the Trust and Estate Return Tax Return supplementary pages for the purposes of calculating your profits.

Read the guidance for the relevant supplementary pages of the Trust and Estate Tax Return for more details about where to include these payments.

### Incorrectly claimed coronavirus support scheme payments

**box 21.6B** Only complete this box if the trust or estate incorrectly claimed any payments from the Coronavirus Job Retention Scheme (CJRS), or from any other applicable HMRC coronavirus support scheme and the trust or estate has not:

- already told HMRC about these amounts
- received an assessment issued by an officer of HMRC for these amounts

If the trust or estate received a CJRS, or any other applicable HMRC coronavirus support scheme payment that it was entitled to, do not include them here. Instead, include them in the relevant boxes of the Trust and Estate Tax Return supplementary pages.

If the trust or estate was not entitled to some or all of the payments received and you have not told HMRC, we have the right to assess and recover the full amount of any incorrectly claimed payment by making an 'officer's assessment' for the amount that the trust or estate was not entitled to and has not repaid.

If we have already contacted you to raise an assessment, you do not need to declare the overpaid amounts in this section.

For more information on receiving grants you were not entitled to and penalties, see factsheets CC/FS48 and CC/FS11. Go to [www.gov.uk](http://www.gov.uk) and search for CC/FS48 and CC/FS11.

Amounts entered in box 21.6B will be added to the income tax liability of the Trust or Estate. This may affect whether or not you're required to make payments on account for 2023 to 2024 or may increase the amount of payments on account you have to pay.

The trust or estate may want to consider claiming to reduce payments on account for 2023 to 2024. Read the notes in the section 'If you make payments on account'.

If the trust or estate made an error in a claim that has resulted in receiving too much of an HMRC coronavirus support scheme payment, it must be paid back to HMRC. If the trust or estate has not put that right already by making a voluntary adjustment or repayment that was agreed by HMRC, put the incorrectly claimed amount in box 21.6B. Do not include any payments that the trust or estate was entitled to or has already repaid or been assessed on as this will lead to you paying too much tax.

### Disclosed tax avoidance schemes

**box 21.7** Enter in box 21.7 the promoter reference number (PRN) for the monitored promoter of any scheme, or arrangement the trust or estate has used to get a tax or National Insurance contributions advantage now or in the future.

In most cases you'll have received the PRN from the scheme promoter, but in some cases you may have received the PRN from an intermediary or from another client of the promoter.

Enter in box 21.7 the scheme reference number (SRN) of any scheme or arrangement the trust or estate has used to get a tax or National Insurance contributions advantage now or in the future.

In most cases you'll have received the SRN from a scheme provider on form AAG6 'Disclosure of Tax Avoidance Schemes – Notification of Scheme Reference Number' but in some cases you may have received the SRN from HM Revenue and Customs.

Advantage here means:

- relief, or increased relief, from
- repayment, or increased repayment of
- the avoidance or reduction of a charge to
- the avoidance of an assessment, or possible assessment, to
- the deferral of any payment of or the advancement of any repayment of
- the avoidance of any obligation to deduct or account for Income Tax, Capital Gains Tax or National Insurance contributions

Put each number (up to 3) on a separate line. If you have PRNs and SRNs, put the PRNs in the first rows and the SRNs below.

If the trust or estate was a party to more than 3 schemes, you must report details of additional schemes:

- for which you have been given SRNs using form AAG4
- for which you have been given PRNs relating to the scheme promoter using form AAG4 (PRN)

Forms AAG4 and AAG4 (PRN) are available from [www.gov.uk/government/collections/tax-avoidance-schemes-forms](http://www.gov.uk/government/collections/tax-avoidance-schemes-forms)

HMRC never approves tax avoidance schemes. If you fail to tell us the SRN or PRN when required to do so you'll be have to a pay a penalty.

**box 21.8** If a tax advantage arose in the 2022 to 2023 tax year, put 2023 in box 21.8. If no advantage arose in 2022 to 2023 but an advantage is expected to arise in a later year, put the earliest future year in which that advantage is expected to arise in box 21.8, for example 2024. Even if you have reported the SRN or PRN in a previous return, you must continue to report it until there is no longer a tax advantage.

For more information on the rules for disclosure of tax avoidance schemes and arrangements, go to [www.gov.uk/government/publications/disclosure-of-tax-avoidance-schemes-guidance](http://www.gov.uk/government/publications/disclosure-of-tax-avoidance-schemes-guidance)

For more information about monitored promoters, go to [www.gov.uk/government/publications/promoters-of-tax-avoidance-schemes-guidance](http://www.gov.uk/government/publications/promoters-of-tax-avoidance-schemes-guidance)

## Q22 Declaration

Tick the boxes to show which pages of the Trust and Estate Tax Return you have filled in. (Make sure you send back any loose supplementary pages.)

### If you have filled in the Trust and Estate Tax Return

Sign and date the form in box 22.1.

Please print your name in box 22.2 and enter the capacity in which you are signing in box 22.3.

### If someone else has filled in the Trust and Estate Tax Return for you

If someone else has filled in the Trust and Estate Tax Return for you, acting on your behalf, you must still sign the tax return yourself to confirm to us that, to the best of your knowledge and belief, it is correct and complete. This applies whether you have paid for the services of an accountant or other tax practitioner, or have had anyone else to help you.

You should always allow sufficient time for checking and signing the tax return that has been completed by someone on your behalf (particularly if you're likely to be abroad near the deadline for sending the form back to us). Failure to make appropriate arrangements could mean that you miss the deadline and are charged penalties.

If we receive the completed paper Trust and Estate Tax Return after 31 October 2023, we cannot guarantee to process it in time to let you know how much to pay by 31 January 2024. This might mean that you have to estimate how much to pay.

If you pay too little, you'll have to pay interest (and perhaps a late payment penalty). If you pay too much and have claimed a repayment, we'll repay it with any interest due. If you do not claim a repayment we'll set the amount due, plus any interest, against your next tax bill.

### If you make payments on account

Some trustees or personal representatives may have to make 'payments on account'. Each payment will normally equal one half of the previous year's tax liability (after taking off tax deducted at source). The payments are due on 31 January in the tax year and 31 July following the tax year.

If any payments on account made add up to less than you owe for 2022 to 2023, you must pay the difference by 31 January 2024.

If any payments on account made add up to more than the tax bill for 2022 to 2023, we'll repay the difference if you've claimed a repayment in Question 18 on your Trust and Estate Tax Return, or if not, we will set it against your next tax bill.

When you settle your tax bill for 2022 to 2023 by 31 January 2024 you must also pay any first payment on account for 2023 to 2024.

If you've asked us to work out your tax, we'll tell you how much to pay on account.

If you're working out your tax, the Trust and Estate Tax Calculation Guide explains how to work out your payments on account.

Where you've asked us to work out your tax you'll need to include full details of income which has had tax deducted at source. If you do not include these details we may calculate that you're due to make payments on account for 2023 to 2024 when they are not needed. This can happen if 80% or more of your total liability is met by tax deducted at source.

You can make a claim to reduce these payments if you expect your tax bill (net of tax deducted at source) to be lower in 2023 to 2024 than in 2022 to 2023 – see your Tax Calculation Guide for more details.

We'll charge interest on late payments of payments on account. For details see 'If you do not pay your tax on time' below.

### Ways to pay

You can pay by one of the following methods:

- online or telephone banking (Faster Payments)
- CHAPS
- by debit or corporate credit card online (you cannot pay with a personal credit card)
- at your bank or building society
- Bacs
- Direct Debit
- by cheque through the post

For more information go to [www.gov.uk/pay-self-assessment-tax-bill](http://www.gov.uk/pay-self-assessment-tax-bill)

### If you do not pay your tax on time

We'll charge interest on all late payments from the date the tax becomes due until it is paid. You'll have to pay a late payment penalty on any tax for the year ending 5 April 2023, which is due by 31 January 2024, but is not paid by 1 March 2024. This late payment penalty will be:

- 5% of the tax paid late
- 5% of any tax paid later than 2 August 2024
- 5% of any tax paid later than 2 February 2025

### If you pay too much tax

If you do not claim a repayment, we'll take the amount we owe you, plus any interest, off your next tax bill.

If you do claim a repayment by ticking the 'Yes' box in Question 18, we'll repay it, plus any interest due on the amount overpaid. Please note, if you have an amount to pay that's due in the near future then we'll generally set off any repayment against this liability. Also, we would prefer not to make repayments of small amounts (below £10) because of administrative costs. But if you do not agree with these set-offs, please contact us.

### If your Trust and Estate Tax Return is incorrect

If your Trust and Estate Tax Return is incorrect and the trust or estate:

- has paid too much tax see 'If you pay too much tax' above
- has not paid enough tax, we'll ask for more tax – we may charge you interest from the original due date, penalties and a late payment penalty

## Late issued return

### ■ If the notice requiring you to make the Trust and Estate Tax Return was given after 31 July 2023

We must receive the Trust and Estate Tax Return by the later of:

- 31 October 2023 if you want us to calculate your tax or you file a paper return or both
- 31 January 2024 if you file online
- 3 months after the date of issue of this tax return

Tax is also due by the later of these dates. We will charge interest on any tax paid after the due date. A late payment penalty of 5% will also be made on any tax still unpaid more than 30 days after the due date.

The notice requiring you to make your tax return is 'given' on the day it is delivered to you. We will normally assume, for example, for the purpose of charging automatic penalties for the late submission of your tax return, that delivery will have taken place not more than 7 days after the date of issue shown on the front of the notice.

## If you have a complaint

Problems can usually be settled most quickly and easily by the office you have been dealing with. You will always be given a contact name or number in any correspondence we send you.

If you cannot settle a matter with the office you have been dealing with, you can write to:

- the director with overall responsibility for that office or unit, or
- if the problem concerns the service you have been given by an accounts office, the director of that office

The director will look into your case and quickly let you know the outcome. For more information about our complaints procedures, go to [www.gov.uk/complain-about-hmrc](http://www.gov.uk/complain-about-hmrc)

### If you are still not happy

If the director has not been able to settle your complaint to your satisfaction, you can ask the Adjudicator to look into it and recommend appropriate action. The Adjudicator is an impartial referee whose recommendations are independent.

The Adjudicator's address is:

The Adjudicator's Office  
PO Box 10280  
NOTTINGHAM  
NG2 9PF

Phone: 0300 057 1111

Fax: 0300 059 4513

[www.adjudicatorsoffice.gov.uk](http://www.adjudicatorsoffice.gov.uk)

The Adjudicator's leaflet AO1 gives information about complaining to the Adjudicator.

Finally, you can ask your MP to refer your case to the independent Parliamentary and Health Service Ombudsman. The Ombudsman will accept referral from any MP, but you should approach your own MP first.

Further information is available from:

The Parliamentary and Health Service Ombudsman  
Millbank Tower  
Millbank  
LONDON  
SW1P 4QP

Phone: 0345 015 4033

[www.ombudsman.org.uk](http://www.ombudsman.org.uk)

## Your rights and obligations

HMRC Charter explains what you can expect from us and what we expect from you. For more information, go to [www.gov.uk/government/publications/hmrc-charter](http://www.gov.uk/government/publications/hmrc-charter)

## How we use your information

For details about how we use your information, go to [www.gov.uk/government/organisations/hm-revenue-customs/about/personal-information-charter](http://www.gov.uk/government/organisations/hm-revenue-customs/about/personal-information-charter)

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