HMRC - OT28610 - Tax Treatment Of Income Arising To The Trust

Any income arising to the trust will be taxable on the trustees. The trustees will be subject to income tax at the special rates for trustees’ income by virtue of ITA2007\S479.

The reasoning for this is that although there is no express power in the deeds to accumulate income there is considered to be an implied power, on the basis that there is:

an express and specific duty to distribute trust monies;

no separation of beneficiaries entitled to income from those entitled to capital;

a power to invest;

a clear commercial purpose, indicating an implicit power to accumulate income gained from investment to the capital.

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