

Notes on TRUST AND ESTATE CHARITIES

Filling in the Trust and Estate Charities pages

Gather together the material you need, such as:

- charity accounts
- other books and records.

Claim to exemption

If the charity has income or gains that are not claimed as exempt please enter these in the appropriate pages of the Trust and Estate Tax Return.

Repayments

boxes 7.6 to 7.12 These boxes only relate to tax repayments for income received in the period covered by this return.

In box 7.6 enter the amount of tax repayment already claimed using form R68 or R68(i).

In box 7.8 enter the total repayment due for the whole period.

If the amount shown in box 7.6 is less than that in box 7.8 enter the difference in box 7.10.

If the amount shown in box 7.8 is less than that in box 7.6 enter the difference in box 7.12.

Income on which you are claiming exemption

boxes 7.14 to 7.21 The breakdown of income here should be for the year ended 5 April 2012 or for the period covered by the accounts on which the return is based.

Please indicate in the appropriate box the amount the charity has actually received during the period.

Do not include details of income which is not taxable.

- Total turnover from exempt trading activities

box 7.14 Enter details of the turnover from trades, or fund raising events, the profits of which will be exempted by Sections 524, 526 and 529 Income Tax Act (ITA) 2007. Guidance on the tax treatment of trades carried on by charities is provided on the Charities page of our website (www.hmrc.gov.uk/charities) or you can phone us for help at HM Revenue & Customs Charities on **0845 302 0203**.

If the charity has carried on a trade during the return period which falls outside the exemption, please fill in the Trust and Estate Trade pages. You can get the Trust and Estate Trade pages from www.hmrc.gov.uk/sa or phone the SA Orderline on **0845 9000 404**. Do not include in the calculation sources of income which are otherwise exempt from tax.

- Investment income

box 7.15 The entry here will include income from:

- company dividends,
- interest on deposits and loans,
- alternative finance receipts, **and**
- foreign investments.

- UK land and buildings income

box 7.16 This entry should include rents received from property owned by the charity. Consideration received in respect of transactions in land which has been developed is likely to be taxable under either Section 5 of the Income Tax (Trading and Other Income) Act (ITTOIA) 2005 or Section 755 ITA 2007 and should be included in the main tax return.

- Gift Aid

box 7.17 Enter the total net donations received in the period.

- Other charities

box 7.18 Enter the total payments received from other charities.

- Legacies

box 7.19 Enter the total income received from the estate of a deceased person as notified by the executors of the estate.

- Gifts of shares, securities and real property received

boxes 7.20 and 7.20A Enter the value of any gifts to the charity of shares, securities or property. Use the value of the gift on the date it was received.

- Other sources

box 7.21 Enter details of income received from sources other than those included in the boxes above where the income is exempt from tax in the hands of a charity. This will include income exempted by Section 536 ITA 2007 (certain miscellaneous income) and Payroll Giving donations received.

Expenses as included in the charity accounts

boxes 7.22 to 7.27 Enter the totals for the period in each box. If certain expenses have been incurred which relate to trading or the administration of land or property but are shown in the accounts as general administration costs, please apportion such expenses and include them in the figure for box 7.22 or 7.23.

Assets

boxes 7.28 to 7.39

Assets held at 5 April 2012 (boxes 7.29, 7.31, 7.33 and 7.35 to 7.39)

The details required here will either relate to the year ended 5 April 2012 or to the period covered by the accounts on which the return is based. Enter the value of such assets at the end of the period as reflected in the balance sheet to the charity accounts.

Disposals in year (boxes 7.28, 7.30, 7.32 and 7.34)

Enter here the value of each type of asset at the time of the disposal in the period covered by the tax return.

Notes on TRUST AND ESTATE CHARITIES

- Investments and loans within Sections 558 and 561 ITA 2007

Approved charitable investments for the purposes of Section 543 ITA 2007 are listed in Section 558 ITA 2007.

Approved charitable loans for the purposes of Section 543 ITA 2007 are listed in Section 561 ITA 2007.

Any loan or other investment not specified may be accepted where the charity makes a claim to HM Revenue & Customs Charities for it to be treated as qualifying, and the loan or other investment is made for the benefit of the charity and not for the avoidance of tax (whether by the charity or any other person). If HM Revenue & Customs Charities cannot agree the claim, you have the right of appeal to the Tax Tribunal.

If all investments and loans are approved charitable investments and loans because either:

- they are specified in Sections 558/561 ITA 2007, or
- the charity has either claimed (with this tax return or separately) that they are under Section 558 Type 12 or Section 561(3)(d) ITA 2007, or is prepared to do so on request, put an 'X' in this box.

For a claim for approved charitable status to succeed, the loan or investment must be made for the benefit of the charity and not for the avoidance of tax. Claims should be in writing and specify:

- the nature of the item (for example, loans or shares)
- the amount
- the period
- the section of ITA 2007 under which the claim is made.

It is helpful if a claim includes full details (for example, the terms of a loan).

- Investments and loans made outside Sections 558 and 561 ITA 2007

box 7.38 If the charity has made any investments or loans which do not fall within Section 558 or 561 ITA 2007 and no claim is to be made with this tax return, enter the total of such loans or investments in box 7.38.

- Subsidiary companies

box 7.39 Do not include details of companies that were dormant during the period covered by this tax return.

Restriction of relief for non-charitable expenditure

Where a charity incurs non-charitable expenditure, relief under Sections 524 to 537 ITA 2007 and Section 256 TCGA 1992 may not be available. This includes situations where a charity makes non-charitable investments or loans.

The charity should attach a calculation of restriction of relief under Section 540 ITA 2007 and send it with this tax return. If you need help with this calculation please contact the HM Revenue & Customs Charities helpline on **0845 302 0203**.

These notes are for guidance only and reflect the position at the time of writing. They do not affect any rights of appeal. Any subsequent amendments to these notes can be found at www.hmrc.gov.uk