



How to calculate the trust's or estate's tax

Use this guide to work out the trust's or estate's tax and to check any calculation we send to you.

If you ask us to calculate the trust's or estate's tax, the completed paper Trust and Estate Tax Return **must** reach us by **31 October 2013**.

If you complete a paper [Trust and Estate Tax Return](#) you must make sure that this reaches us **by 31 October 2013**. If your paper Trust and Estate Tax Return reaches us after this date, we will charge you an automatic penalty of £100.

If we receive the paper Trust and Estate Tax Return after 31 October 2013 and you have not worked out the tax, we will do it for you but we cannot guarantee to tell you what to pay by 31 January 2014.

So if you do not know what tax to pay, make an estimate and pay that by 31 January 2014. Remember, if you do not pay enough, you will have to pay interest and possibly a late payment penalty.

You can file online even if we have sent you a paper Trust and Estate Tax Return. If you file online, you have until 31 January 2014 to file your tax return. You can use our Self Assessment Online service to file the tax return over the Internet using third party commercial software. If you file online, your calculations are done for you and you will receive an instant on-screen acknowledgement that we have received your tax return. Go to hmrc.gov.uk for information about filing online.

If we receive your online tax return after 31 January 2014 then you will be charged an automatic penalty of £100.

Whichever method you use to file your Trust and Estate Tax Return, by 31 January 2014 you must:

- pay the balance of any tax the trust or estate owes for 2012–13, and
- pay the first payment on account for the 2013–14 tax year, if appropriate.

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

If you need help, then please ask us.

Layout of the calculation

Here is a summary of the stages you will see in the Working Sheet:

- STAGE 1** is for all the income and deductions that you have included in your Trust and Estate Tax Return and sorts them into categories which will be taxed later on. All trustees and personal representatives should complete stage 1.
- STAGE 2** is for personal representatives only.
- STAGE 3** is for trustees who are taxable at the trust rate or the dividend trust rate. Certain types of income and deemed income are chargeable at the trust rate or the dividend trust rate whether or not the trustees are normally taxable at the basic/dividend ordinary rate. These types of income include accrued income charges, income from deeply discounted securities, gilt strips, offshore income gains, income from companies purchasing their own shares and gains on life insurance policies, life annuities and capital redemption policies. If, apart from these types of income, you are taxable at the basic/dividend ordinary rate only, you should complete stage 5. If you are the trustee of an unauthorised unit trust, which is generally taxable at the basic rate only, you should complete stage 4. These stages will charge the income listed above at the correct rates. Stage 3 is to be completed by the trustees who are chargeable at the trust rate or dividend trust rate, on any income other than that listed above.
- STAGE 4** is for trustees of an unauthorised unit trust.
- STAGE 5** is for other trustees not taxable at the trust rate or the dividend trust rate.
- STAGE 6** brings in all the tax you have already deducted from income (so you will need the Trust and Estate Tax Return and any supplementary pages again) and works out any non-payable tax credits.
- STAGE 7** makes adjustments to the tax calculated in earlier sections and adds in Capital Gains Tax. The final box of stage 7, box T7.32 gives the figure for box 17.1 in the Trust and Estate Tax Return.
- STAGE 8** works out what you have to pay us by 31 January 2014, or what we have to pay you, and checks if you will have to make 2013–14 payments on account.
- STAGE 9** is for trustees who make discretionary payments to beneficiaries.

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

Total income

	Non-savings and savings income	Dividend type (10%) income	Gains on life Policies (with tax treated as paid)
Trades, professions, or vocations	boxes 1.92 + 1L.91 £ T1.1		
Partnership	from box 2.22 £ T1.2		
UK property	boxes 3.15 + 3.42 £ T1.3		
Foreign income	total boxes 4.1 + 4.4 + 4.5 + 4.6 £ T1.4	box 4.2B + box ((4.2 minus 4.2B) x 100/90) £ T1.5	from box 4.8 £ T1.6
Other income	total boxes 9.1 + 9.4 + 9.7 + 9.8 + 9.11 + 9.14 + 9.34 + 9.38 £ T1.7	from boxes 9.17, 9.20, 9.23, 9.24, 9.25, 9.28 and 9.40 £ T1.8	from box 9.31 £ T1.9
	box 9.29 + (if a gain) box 9.37A £ T1.10		
Total income	Total of column above £ T1.11	Total of column above £ T1.12	Total of column above £ T1.13

Total deductions

Interest on loans etc.	from boxes 10.1A and 10.4A £ T1.14		
Losses	from boxes 1.85, 1L.85, 2.15, 2.24, 3.43, 4.30A, 4.37A, 9.36 (and 9.37A, if a loss) £ T1.15		

Taxable income

Total deductions	T1.14 + T1.15 £ T1.16	T1.16 minus T1.11 £ T1.18	T1.18 minus T1.12 £ T1.20
Taxable income	T1.11 minus T1.16 £ T1.17	T1.12 minus T1.18 £ T1.19	T1.13 minus T1.20 £ T1.21

Copy to box T6.24 to calculate the notional tax credits on deemed income

Personal representatives should now go to stage 2.

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

Trustees of Unauthorised Unit Trusts should now go to stage 4.

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

STAGE 2 This section should only be completed by personal representatives

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

	Non-savings and savings from T1.17 T2.1	Dividends and company own shares from T1.19 T2.2	Life policy gains (with tax paid) from T1.21 T2.3
Taxable income	£	£	£

Copy to T6.2 to calculate the tax credits on dividends

Calculate Income Tax due

Income taxable at 10%	$T2.2 \times 10\%$ T2.4	£
Income taxable at 20%	$T2.1 + T2.3$ T2.5	£
	$T2.5 \times 20\%$ T2.6	£
Income Tax due	$T2.4 + T2.6$ T2.7	£

Copy to T7.1

If you are the personal representative of a deceased Lloyd's underwriter, please complete boxes T2.8 to T2.15 to calculate tax credits on Lloyd's income.

Calculate tax credits on UK dividends received through Lloyd's

from box 1L.25 T2.8	lower of T2.1 and T2.8 T2.9
£	£

Copy to T6.4

Calculate tax credits on foreign dividends received through Lloyd's

box 1L.51 minus 1L.56 T2.10	$T2.1 \text{ minus } T2.9$ T2.11
£	£
	lower of T2.10 and T2.11 T2.12
	£

Calculate notional tax on dividends received through Lloyd's

from box 1L.39 T2.13	$T2.11 \text{ minus } T2.12$ T2.14
£	£
	lower of T2.13 and T2.14 T2.15
	£

Copy to T6.20

Now go to stage 6
 Ignore stages 3 to 5



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

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

	Non-savings and savings	Dividends and company own shares
	T1.17 + T1.21	from T1.19
	T3.1	T3.2
Taxable income	£	£
	boxes 13.11 + 13.17	boxes 13.7 + 13.13
	T3.3	T3.4
	£	£
	T3.1 minus T3.3	T3.2 minus T3.4
	T3.5	T3.6
Items chargeable at trust rate	£	£

Copy to T6.2 to calculate the tax credits on dividends

Calculation of Trust Management Expenses (TMEs)

If you are claiming TMEs complete boxes T3.7 to T3.19, otherwise enter zero in boxes T3.18 and T3.19 and continue from box T3.20.

	from box 13.19	T3.7
Total Trust Management Expenses	£	
	from box 13.21	T3.8
Income not liable to UK Income Tax	£	
	T3.8 + T1.11 + T1.12 + T1.13	T3.9
Total income	£	
	T3.7 x T3.8/T3.9	T3.10
Expenses applicable to income not liable to UK Income Tax (non-resident trusts only)	£	
	from box 13.20	T3.11
Expenses applicable to income not liable at the trust rate	£	
	T3.7 minus (T3.10 + T3.11)	T3.12
Trust Management Expenses allowable	£	

	Dividends etc.	Non-savings etc.
	T3.6 x 90/100	T3.5 x 80/100
	T3.13	T3.14
Notional maximum amount of net Trust Management Expenses which could be allowed against income	£	£
	lower of T3.12 and T3.13	T3.12 minus T3.15
	T3.15	T3.16
	£	£
		lower of T3.14 and T3.16
		T3.17
		£
	T3.15 x 100/90	T3.17 x 100/80
	T3.18	T3.19
Grossed up Trust Management Expenses	£	£

Determine taxable income chargeable at trust rates

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

	Non-savings etc.	Dividends etc.
	T3.5 minus T3.19	T3.6 minus T3.18
	T3.20	T3.21
Items chargeable at trust rate	£	£
	from box 9A.1	T3.22 minus T3.20
	T3.22	T3.23
Standard rate band	£	£
	T3.20 minus T3.22	T3.21 minus T3.23
	T3.24	T3.25
Taxable income chargeable at trust rates	£	£
	T3.1 minus T3.24	T3.2 minus T3.25
	T3.26	T3.27
Taxable income not chargeable at trust rates	£	£
		T3.24 x 50%
		T3.28
Income taxable at 50%		£
		T3.25 x 42.5%
		T3.29
Income taxable at 42.5%		£
		T3.26 x 20%
		T3.30
Income taxable at 20%		£
		T3.27 x 10%
		T3.31
Income taxable at 10%		£
		T3.28 + T3.29 + T3.30 + T3.31
		T3.32
		£

Copy to T7.1

Now go to stage 6
Ignore stages 4 and 5

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

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

	<div>T1.17 + T1.21</div> <div>T4.1</div>	<div>T4.1 x 20%</div> <div>T4.2</div>
Taxable non-savings and savings income	£	£
	<div>boxes 4.2 + 9.15 + 9.18 + 9.21 + 9.24 + 9.25 + 9.26 + 9.40</div> <div>T4.3</div>	
Dividend type income	£	
	<div>from T1.18</div> <div>T4.4</div>	
	£	
	<div>T4.3 minus T4.4</div> <div>T4.5</div>	
Taxable dividend type income	£	
	<div>from box 9A.1</div> <div>T4.6</div>	
Standard rate band	£	
	<div>lower of T4.5 and T4.6</div> <div>T4.7</div>	
	£	
	<div>from box 9.40</div> <div>T4.8</div>	
	£	
	<div>lower of T4.7 and T4.8</div> <div>T4.9</div>	<div>T4.9 x 10%</div> <div>T4.10</div>
	£	£
	<div>T4.5 minus T4.9</div> <div>T4.11</div>	<div>T4.11 x 20%</div> <div>T4.12</div>
	£	£
		<div>T4.2 + T4.10 + T4.12</div> <div>T4.13</div>
		£

Copy to T7.1

Now go to stage 6
 Ignore stage 5



	T1.17 + T1.21		
	T5.1		
Taxable non-savings and savings income	£		
lower of box 3.22 and box 3.42	T5.2		
£			
boxes 4.6 + 4.8 + 9.31 + 9.38 + T1.10	T5.3		
£			
T5.2 + T5.3	T5.4		
£			
	lower of T5.1 and T5.4		
	T5.5		
	£		
	T5.1 minus T5.5		
	T5.6		
Income taxable at 20%	£		
		T5.6 x 20%	
		T5.7	
		£	
from box 9A.1	T5.8		
Standard rate band	£		
	lower of T5.8 and T5.5		
	T5.9		
Deemed income in standard rate band	£		
		T5.9 x 20%	
		T5.10	
		£	
	T5.5 minus T5.9		
	T5.11		
	£		
		T5.11 x 50%	
		T5.12	
		£	
	from T1.19		
	T5.13		
Taxable dividend type income	£		
			Copy to T6.2 to calculate the tax credits on dividends
from box 9.40	T5.14		
£			
	lower of T5.13 and T5.14		
	T5.15		
	£		
	T5.13 minus T5.15		
	T5.16		
	£		
		T5.16 x 10%	
		T5.17	
		£	
T5.8 minus T5.9	T5.18		
£			
	lower of T5.14 and T5.18		
	T5.19		
Income in standard rate band	£		
		T5.19 x 10%	
		T5.20	
		£	
	T5.15 minus T5.19		
	T5.21		
	£		
		T5.21 x 42.5%	
		T5.22	
		£	
		T5.7 + T5.10 + T5.12 + T5.17 + T5.20 + T5.22	
		T5.23	
Income Tax due	£		
			Copy to T7.1

STAGE 6 Calculate tax paid and tax credits

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

All trustees and personal representatives complete this section.

Calculate non-payable tax credits

Tax credits on UK dividends

boxes 9.17
+ 9.20 + 9.40

T6.1

£

from T2.2 or
T3.2 or T5.13

T6.2

£

lower of T6.1
and T6.2

T6.3

£

from T2.9

T6.4

£

T6.3 + T6.4

T6.5

£

T6.5 x 10%

T6.6

£

Copy to T7.9

T6.1 minus T6.3

T6.7

£

If T6.7 is zero, enter zero in box T6.10 and continue from T6.11
If box 10.4A is zero, enter zero in box T6.10 and continue from T6.11

T6.7 x 10%

T6.8

£

from box 10.3A

T6.9

£

lower of T6.8 and T6.9

T6.10

£

Copy to T7.10

Tax credits on foreign dividends

T1.5 minus box 4.2B

T6.11

£

T6.2 minus T6.3

T6.12

£

lower of T6.11 and T6.12

T6.13

£

from T2.12

T6.14

£

T6.13 + T6.14

T6.15

£

T6.15 x 10%

T6.16

£

Copy to T7.3

Notional tax on dividends

boxes 9.23 + 9.28

T6.17

£

T6.12 minus T6.13

T6.18

£

lower of T6.17 and T6.18

T6.19

£

from T2.15

T6.20

£

T6.19 + T6.20

T6.21

£

T6.21 x 10%

T6.22

£

Notional tax on life gains

boxes 4.8 + 9.31

T6.23

£

from T1.21

T6.24

£

lower of T6.23 and T6.24

T6.25

£

T6.25 x 20%

T6.26

£

T6.22 + T6.26

T6.27

£

Copy to T7.2

Add together tax paid

	boxes 1.97 + 1.98	
	T6.28	
From question 1	£	
	boxes 1L.12 + 1L.53	
	T6.29	
From question 1L	£	
	from box 3.21	
	T6.30	
From question 3	£	
	boxes 4.1A + 4.2A + 4.3 + 4.10A	
	T6.31	
From question 4	£	
	boxes 9.3 + 9.6 + 9.10 + 9.13 + 9.33	
	T6.32	
From question 9	£	
	T6.28 + T6.29 + T6.30 + T6.31 + T6.32	
	T6.33	
Total tax paid	£	
	Copy to T7.21	

STAGE 7 Work out Income Tax and Capital Gains Tax due for 2012–13

All trustees and personal representatives complete this section.

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

			from T2.7 or T3.32 or T4.13 or T5.23 T7.1
			£
Income Tax due			
	from T6.27 T7.2		
Notional tax	£		
	from T6.16 T7.3		
Tax credits on foreign dividends	£		
	from box 4.9 T7.4		
Foreign Tax Credit Relief	£		
		T7.2 + T7.3 + T7.4 T7.5	
		£	
		T7.1 minus T7.5 T7.6	
		£	
	boxes 10.3A + 11.2 T7.7		
Recoverable tax on charges and annual payments made out of capital	£		
		T7.6 + T7.7 T7.8	
		£	
	from T6.6 T7.9		
Tax credits attached to dividends	£		
	from T6.10 T7.10		
	£		
		T7.9 + T7.10 T7.11	
		£	
		T7.8 minus T7.11 T7.12	
		£	
	from box 17.10 T7.13		
Pension payment charges	£		
		T7.12 + T7.13 T7.14	
		£	
	from box 10.1B T7.15		
Vulnerable beneficiary relief	£		
		T7.14 minus T7.15 T7.16	
		£	
	from T9.26 T7.17		
Tax pool adjustment	£		
		T7.16 + T7.17 T7.18	
		£	
	from box 10.1C T7.19		
Employee benefit relief	£		
		T7.18 minus T7.19 T7.20	
		£	
		<i>This box can be negative</i>	
		from T6.33 T7.21	
Tax paid	£		
		T7.20 minus T7.21 T7.22	
Income Tax due			
		£	
		<i>This box can be negative</i>	

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

Capital Gains Tax

	from box 5.11	T7.23	T7.23 x 28%	T7.24
Other taxable capital gains	£		£	
	from box 5.11A	T7.25	T7.25 x 10%	T7.26
Taxable capital gains that qualify for Entrepreneurs' Relief	£		£	
			T7.24 + T7.26	T7.27
			£	
	from box 4.10	T7.28		
Foreign Tax Credit Relief	£			
	from box 5.6E	T7.29	T7.28 + T7.29	T7.30
Vulnerable beneficiary relief	£		£	
			T7.27 minus T7.30	T7.31
Capital Gains Tax due			£	

Income Tax and Capital Gains Tax due for 2012–13

Copy this figure to box 17.1 in the Trust and Estate Tax Return

	T7.22 + T7.31
	T7.32
£	

This box can be negative

STAGE 8 All trustees and personal representatives complete this section

Box T8.2 Enter in box T8.2 the amount of any repayment of 2012–13 tax in box 21.6 in the [Trust and Estate Tax Return](#). Do not include any repayments from trading losses carried back to an earlier year.

Box T8.3 An adjustment may be required to increase the tax for 2012–13 because:

- you claim farmers' averaging, **or**
- you claim averaging of literary or artistic income, **or**
- you claim to pay tax on post cessation receipts by reference to the year the business ceased.

Calculate the difference between the actual liability for the earlier year, and the liability that would have arisen for the earlier year if the averaged profit or post cessation receipt had been included in the Trust and Estate Tax Return for that year. Work out the increase in tax by reference to the tax rate and circumstances for the earlier year. Include any entry in box 1L.79 of the [Trust and Estate Lloyd's Underwriters Pages](#). Enter the amount in box T8.3. Copy this figure to box 17.2 in the Trust and Estate Tax Return.

The adjustment relates to 2012–13, even though it is calculated by reference to the circumstances of the earlier year. If you need help, ask us or your tax adviser.

Box T8.5 An adjustment may be required to decrease the tax for 2012–13, calculated by reference to an earlier year, because:

- you are claiming loss relief calculated by reference to your income of an earlier year or years, **or**
- you are claiming farmers' averaging.

Do not include losses for which you have previously claimed relief. Calculate the difference between the actual liability for the earlier year, and the liability that would have arisen for the earlier year if the loss or averaged profits had been included in the Trust and Estate Tax Return for that year. Work out the decrease in tax by reference to the tax rate and circumstances for the earlier year. Enter it in box T8.5. Copy this figure to box 17.4 and tick box 17.3 in the Trust and Estate Tax Return.

The adjustment relates to 2012–13 even though it is calculated by reference to the circumstances of the earlier year. If you need help, ask us or your tax adviser.

STAGE 8 Working out payments due by 31 January 2014

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

Income Tax and Capital Gains Tax due for 2012–13

from T7.32
T8.1
£

2012–13 tax already refunded

from box 21.6
T8.2
£

Any adjustment increasing the tax due,
calculated by reference to earlier years (see Notes and the
Trust and Estate Tax Return)

T8.3
£

Copy this figure to box 17.2 in the Trust and Estate Tax Return

T8.1 + T8.2 + T8.3

T8.4
£

This box can be negative

Any adjustment reducing the tax due, calculated by reference to
earlier years (see Notes and the Trust and Estate Tax Return)

Tick box 17.3 and copy this figure to box 17.4 in the Trust and Estate Tax Return

T8.5
£

from box 17.9

T8.6
£

Any 2013–14 repayment (see Notes)

T8.7
£

Payments already made
(from your Statements of Accounts)

T8.5 + T8.6 + T8.7

T8.8
£

Tax payable for 2012–13

If box T8.9 is positive, this is the tax you owe
If box T8.9 is negative, this is the tax we owe you

T8.4 minus T8.8

T8.9
£

This box can be negative

Calculation of payments on account for 2013–14

Income Tax bill for 2012–13

from T7.22
T8.10
£

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

Tax deducted at source,
notional tax, tax credits, etc.

T7.2 + T7.3 + T7.11 + T7.21

T8.11
£

T8.10 + T8.11

T8.12
£

T8.12 x 20%

T8.13
£

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

The amount of each payment on account for 2013–14

T8.10 x 50%

T8.14
£

T8.9 + T8.14

T8.15
£

This box can be negative

Payment due by 31 January 2014

If box T8.15 is positive, this is the tax you owe
If box T8.15 is negative, this is the tax we owe you

STAGE 9 Calculation of tax pool for 2012–13. This section should be completed by trustees who make discretionary payments to beneficiaries (see question 14 on the Trust and Estate Tax Return)

When you make discretionary payments that are income in the hands of the beneficiaries, those payments carry a tax credit. The tax credits have to be matched as far as possible with the tax payable by you on the trust income or tax credits attached to the income you have received. If the tax credits attaching to the payments to beneficiaries exceed the total of tax credits and tax payments (the tax pool), you have to pay the difference to us.

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

The calculation excludes from the tax pool the proportion of such foreign tax and notional tax credits which relates to income which is to be accumulated, or is payable, at the trustees' discretion. Any excess of the tax credits attaching to payments to beneficiaries over your available tax credits and tax payments (the tax pool) is carried **back** to stage 7 and added to the tax bill for 2012–13. Any excess in the tax pool is carried forward to the tax pool for the tax year 2013–14. Tax paid in a year when the trustees are non-resident does not enter the tax pool.

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

Amount of tax pool brought forward

from box 14.15

T9.1

£

from box 13A.1

T9.2

£

T9.1 + T9.2

T9.3

£

Amount of tax pool applicable to income that is not settlor interested

If you have completed box 8.12 ignore boxes T9.4 to T9.18 and continue from box T9.19. Otherwise, continue from box T9.4.

Trust rate tax charged on dividend type income

T3.20 minus T3.24

T9.5

Non-savings income etc. in standard rate band

£

from T3.29

T9.4

£

T9.5 x 20%

T9.6

£

from T3.28

T9.7

£

Tax charged on income and deemed income at the trust rate

T9.1 + T9.4 + T9.6 + T9.7

T9.8

£

T6.6 + T6.10 + T6.16 + T6.22

T9.9

Non-repayable tax on dividend type income

£

from T3.31

T9.10

Tax charged on dividend type income not charged at the dividend trust rate

£

T9.9 minus T9.10

T9.11

£

from T6.26

T9.12

Non-repayable tax on deemed income

£

from T3.26

T9.13

£

T9.13 x 20%

T9.14

£

T9.12 minus T9.14

T9.15

£

from box 4.9A

T9.16

Foreign Tax Credit Relief

£

T9.11 + T9.15 + T9.16

T9.17

£

Total deduction of non-repayable tax etc.

T9.8 minus T9.17

T9.18

£

higher of T9.1 and (T9.3 or T9.18)

T9.19

Pool available £

from box 10.1B

T9.20

Vulnerable beneficiary relief £

from box 10.1C

T9.21

Employee benefit relief £

T9.20 + T9.21

T9.22

£

T9.19 minus T9.22

T9.23

£

total of boxes 14.2 to 14.14

T9.24

Tax on payments to beneficiaries £

T9.23 minus T9.24

T9.25

Tax pool to carry forward to next year
(if negative amount, enter zero '0')

£

Additional tax due

(if negative amount, enter zero '0')

T9.24 minus T9.23

T9.26

£

Copy to T7.17