HM Revenue & Customs

Notes on TRUST AND ESTATE TRADE

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HELPSHEETS

Helpsheets giving more detailed information about particular tax rules for the Trust and Estate Trade pages are available from the SA Orderline and from **www.hmrc.gov.uk**

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Filling in the Trust and Estate Trade pages

You must fill in the Trust and Estate Trade pages if, at any time during the 2010–11 tax year, the trust or estate carried on a trade, profession or vocation as a person in the UK or abroad.
If you are the personal representative of a deceased Name at Lloyd's, you may need to complete the Trust and Estate Lloyd's Underwriters pages instead. If the trust was a member of a partnership, fill in the Trust and Estate Partnership pages.

Get the material you need to complete the Trust and Estate Trade pages:

- the business accounts covering the basis period for the 2010–11 tax year (basis period is explained on page TTN3)
- the books and records, if you do not have accounts.

You should have records of all the business transactions. You must keep these until at least 31 January 2017 in case we ask to see them.

You may need to complete more than one set of Trust and Estate Trade pages if **either** of the following circumstances apply:

- you do not have a single set of accounts for the period that is the basis period for 2010–11. This may happen if the business has recently commenced, ceased or has changed accounting date. See the notes on pages TTN2 and TTN3 which explain how to work out the basis period and the accounts information you must provide, **or**
- the trust and estate carried on more than one business - you must complete separate Trust and Estate Trade pages for each. Ask the SA Orderline for more, or photocopy one you already have (if you use a photocopy, please put the trust or estate name and tax reference in the 'Additional information' box, box 1.116 on Page TT4).

If you have a single set of accounts which covers more than one business, you should transfer the figures to one set of Trust and Estate Trade pages. Then deduct the income and disallow the expenses relating to any business other than the main business, and include it in a separate set of Trust and Estate Trade pages for each of the other businesses.

You should only include in the Trust and Estate Trade pages details relating to that business. Other income should be entered in the appropriate parts of the Trust and Estate Tax Return. For example, enter:

- partnership income in the Trust and Estate Partnership pages
- dividends from companies on page 5 of the Trust and Estate Tax Return.

If you are unsure whether the activities amount to a trade, profession or vocation, ask us or your tax adviser for advice.

Read the notes on page TTN7 before filling in the Trust and Estate Trade pages if the trust or estate business was farming or market gardening.

If there are trade debts from overseas transactions which cannot be paid or brought to the UK because of exchange control restrictions or a shortage of foreign currency in the overseas country, ask us or your tax adviser about Extra Statutory Concession B38.

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Notes on TRUST AND ESTATE TRADE

Before you start

You pay tax for 2010–11 on all the trust or estate's business profits (see page TTN6 if the business made a loss) for the period.

The business profit for each business is the difference between:
- turnover, other business receipts, balancing charges and the value of goods taken for personal use, **and**
- allowable business expenses (including capital allowances).

The Trust and Estate Trade pages will help you work out the taxable business profit and will provide us with the information we need to process the Trust and Estate Tax Return.

For each business you must:
- provide business details in boxes 1.1 to 1.13
- complete boxes 1.14 to 1.23 if capital allowances and balancing charges are to be included in boxes 1.24 and 1.25, or 1.70 and 1.68. Give details of income and expenses in boxes 1.24 to 1.26 if the annual turnover was below £30,000 (or would be if you traded for a whole year), or in boxes 1.27 to 1.73 if the annual turnover was £30,000 or more (or would be if you traded for a whole year), **and**
- work out the taxable profit on page TT3, using boxes 1.74 to 1.93
- if there is a balance sheet, provide information about the business assets or liabilities in boxes 1.99 to 1.115.

Work through the following steps for each business.

Step 1 Work out the basis period for the business using the notes on page TTN3.

Step 2 Work out how many 'accounts' fall within that basis period.

Step 3 Check whether you provided details of any of these 'accounts' in boxes 1.14 to 1.73 and boxes 1.99 to 1.115 of last year's return. If so, do not provide the same information again. Tick box 1.10 if details relating to all these accounts have already been included in last year's return.

Step 4 **If you have only one set of accounts for the basis period** fill in one set of Trust and Estate Trade pages for the whole of the basis period unless you have already provided this information in last year's return. You must always complete boxes 1.74 to 1.93 on page TT3, as appropriate, to arrive at the taxable profit for 2010–11.

OR

If you have more than one set of accounts for the basis period, complete boxes 1.1 to 1.73 and 1.99 to 1.115, as appropriate, on separate Trust and Estate Trade pages for each set of accounts. Do not repeat any information for any period of account which you provided in last year's return. Then fill in boxes 1.74 to 1.93, as appropriate, on the Trust and Estate Trade pages for the most recent set of accounts to arrive at the taxable profit for 2010–11.

The Notes will help you. They use some technical terms such as 'trade', 'basis period' and so on. They explain these terms as fully as possible, but they are not a comprehensive guide for all cases. There is also a glossary of terms beginning on page TTN7.

Providing details of income and expenses

For most businesses, the information on the Trust and Estate Trade pages will enable a full and fair picture of the business to be presented. If there are any points needing further explanation, provide details in the 'Additional information' box, box 1.116 on page TT4. You do not need to send us the accounts.

In some larger or more complex businesses additional information given on the Trust and Estate Trade pages may not be enough to provide a full and fair picture of the business. You may consider the submission of further information, including perhaps accounts or supporting calculations, necessary. This may be the case where:
- a large business has a substantial turnover, **or**
- a business is complex (perhaps because it is a highly specialised trade), **or**
- accounts or computations are required for a proper understanding of the figures.

But you must also complete page TT2 if the annual turnover was £30,000 or more (or would be if you traded for a whole year), and page TT4 if you have a balance sheet.

If you do not have accounts

Even if you do not have accounts prepared for the business each year, the taxable profit should still be worked out using generally accepted accounting practice. These Notes will help. For further advice on how profits are taxable, what to include in the turnover and what expenses are allowable for tax, ask the SA Orderline for *Helpsheet 222: How to calculate your taxable profits.*

You will come across the terms '**accounting period**' and '**accounting date**' in both these Notes and the helpsheets. If you do not have accounts prepared for the business you should read:
- '**accounting period**' to mean the period for which you provide details of the business income and expenses, **and**
- '**accounting date**' to mean the date on which that period ends.

If you do have accounts

Accounts are prepared for a variety of reasons and in a variety of ways and it may not be immediately obvious where in the Trust and Estate Trade pages you should enter some of the figures. *Helpsheet 229: Information from your accounts* gives practical help on filling in the Trust and Estate Trade pages, including some worked examples.

In some situations you may need to combine or apportion the figures to fit the standard format. There may be more than one acceptable way of doing this. Whichever method you adopt, you should be consistent from one year to the next. If you want to explain any figures in more detail, do so in the 'Additional information' box, box 1.116 on page TT4.

Make sure that you transfer all the entries in the accounts, and that you include them only once. Do not bring in any amounts which are not included in the accounts unless they are needed to calculate the taxable profit or were excluded in error from the accounts. Include any such amounts in box 1.91. Explain why the entry is necessary in the 'Additional information' box, box 1.116 on page TT4.

Provisional figures

We would normally expect you to complete the income and expenses section of the Trust and Estate Trade pages with the final and correct figures of income and expenses. If despite your best efforts you are unable to do so, please read the notes on page 26 of the Trust and Estate Tax Return guide which explain the exceptional circumstances in which returns containing provisional figures may be accepted.

If you need to use one or more provisional figures you should still complete all relevant boxes in the Trust and Estate Trade pages, including the accounts information. If it is actually impossible to provide final or even provisional accounts information from which the taxable profit is to be calculated, before the latest date for sending the Trust and Estate Tax Return, you should provide one provisional figure for the taxable profit in box 1.92 and tick box 1.93. We would expect there to be very few such circumstances. The one common circumstance would be where, in the case of a newly commenced business, the first accounting period does not end until close to, or after, the statutory filing date. By 'close to' we mean within three months of the filing date.

If you have included any provisional figures tick box 21.5 on page 12 of the Trust and Estate Tax Return. It would also help if you say in the 'Additional Information' box, box 21.11:

- why you cannot give a final figure, **and**
- an approximate date on which you expect to be able to give your final figure.

- Estimates (including valuations)

In some situations you may need to provide an estimated figure or valuation that you do not intend to amend at a later date. If so, read the notes on page 27 of the Trust and Estate Tax Return guide.

Business details

- Basis period for 2010–11

You pay tax for 2010–11 according to the profits, or losses, for the basis period.

After the first two or three years in business the basis period will be the 12 month period up to the date chosen as the annual accounting date. For example, if the business has been running for a number of years and the annual accounting date is 31 December, the basis period for 2010–11 is the 12 months from 1 January 2010 to 31 December 2010. Ask the SA Orderline for *Helpsheet 222: How to calculate your taxable profits* if:

- the business started after 5 April 2008
- the accounting date is not the same as used in 2009–10
- there was no accounting date in 2010–11
- the business ceased in 2010–11.

boxes 1.1 to 1.3 Make sure you complete these boxes for each set of Trust and Estate Trade pages you complete.

boxes 1.4 and 1.5 Enter in boxes 1.4 and 1.5 the details of the period to which the information in boxes 1.24 to 1.26, or 1.27 to 1.73 and, where there is a balance sheet, 1.99 to 1.115, relate. Make sure you have read the section headed 'Basis period for 2010–11' above before continuing. Work out the basis period to decide the period(s) of account for which you need to provide details.

box 1.6 Tick box 1.6 if details in boxes 1.1 and 1.3 have changed since the last Trust and Estate Tax Return.

box 1.7 If the business started after 5 April 2008, enter the start date. If the accounting date has changed since then, ask the SA Orderline for *Helpsheet 222: How to calculate your taxable profits.*

box 1.8 If the business was sold or closed down between 6 April 2010 and 5 April 2011, enter the date it ceased in box 1.8. If this is not the same as the date in box 1.5 you must complete another set of Trust and Estate Trade pages.

box 1.10 Tick box 1.10 if you are not required to provide details from any of the accounts this year. Leave boxes 1.14 to 1.73 and boxes 1.99 to 1.115 blank but complete boxes 1.97 and 1.98.

box 1.11 Tick box 1.11 if there is a gap between the end of the previous accounting period and the beginning of this one. Explain why in the 'Additional information' box, box 1.116 on Page TT4.

boxes 1.12 and 1.13 If the accounting date has changed, ask the SA Orderline for *Helpsheet 222: How to calculate your taxable profits* and work through it before completing the rest of these pages.

Capital allowances and balancing charges

boxes 1.14 to 1.23 In working out the taxable profits you must not deduct:

- the cost of buying, altering or improving fixed assets, **or**
- depreciation or any losses that arise when you sell them.

Instead, you can claim tax allowances called capital allowances. These are deducted in working out the taxable profits and should be included in box 1.70 (or box 1.25). An adjustment, known as a balancing charge, may arise when you sell an item, give it away or stop using it in the business. Balancing charges are added to the taxable profits and should be included in box 1.68 (or box 1.24).

You should complete boxes 1.14 to 1.23 in each set of Trust and Estate Trade pages you complete. This is because separate capital allowances calculations are required for each of the accounting periods. If you are not sure what to include, or what should be entered in boxes 1.14.to 1.23, ask the SA Orderline for *Helpsheet 252: Capital allowances and balancing charges* which gives more information about the different types of capital allowances. For information on Business Premises Renovation Allowance read the notes for boxes 21.9 and 21.10 on page 27 of the Trust and Estate Tax Return guide.

box 1.22A Tick box 1.22A if box 1.22 includes enhanced capital allowances for spending on designated environmentally beneficial technologies. See *Helpsheet 252: Capital allowances and balancing charges.*

Income and expenses – annual turnover below £30,000

If the trust or estate's business annual turnover (excluding any balancing charges) is below £30,000 for a full year, you may fill in the special, shortened income and expenses section on page TT1 (boxes 1.24 to 1.26) instead of boxes 1.27 to 1.73 on page TT2. If the turnover was for a period of less than 12 months you should reduce the figure of £30,000 proportionately.

For example, if the trust or estate only traded for six months you must fill in boxes 1.27 to 1.73 if the turnover is more than: $^6/_{12}$ x £30,000 = £15,000.

But you must fill in one section or the other, and complete boxes 1.14 to 1.23 if you are claiming capital allowances or have any balancing charges.

box 1.24 Enter the turnover and any other taxable business receipts in box 1.24. You will also need to include the normal selling price of all goods taken out of the business for personal use by the trustees or personal representatives, or for their families or friends, minus any sum paid into the business for the goods taken. This is because any sum paid into the business should already be included in the turnover figure, like other sales. Include any balancing charges from box 1.23.

box 1.25 Enter the **allowable** business expenses in box 1.25. Make sure you do not include any items that are not allowable against tax (the table on page TTN5 will help you to decide). Include any capital allowances from box 1.22.

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Income and expenses – annual turnover of £30,000 or more

If the trust or estate's business annual turnover is £30,000 or more, you must fill in boxes 1.27 to 1.73 on page TT2.

- Value Added Tax

boxes 1.27 and 1.28 If the trust or estate is **not** registered for VAT, the sales figure will not include any VAT. Expenses in boxes 1.30 to 1.64 should include VAT. There is no need to tick either box 1.27 or 1.28. If the trust or estate is registered for the VAT Agricultural Flat Rate Scheme, include any flat rate additions charged to customers in the sales figures. Expenses should include VAT. There is no need to tick either box 1.27 or box 1.28.

If the trust or estate **is** registered for VAT, you may enter details of the business income and allowable expenses either all net of VAT or all inclusive of VAT. Where you adopt the latter approach, then either the net payment to us should be included as an expense in box 1.63, or any net repayment received from us should be included as a taxable receipt in the entry in box 1.50. Tick either box 1.27 or box 1.28 to show whether entries in boxes 1.29 to 1.64 include or exclude VAT.

If the trust or estate registered for VAT during the period, the expenses up to that date should include VAT regardless of whether later sales and expenses are recorded inclusive or exclusive of VAT. Tick box 1.27 and include the following details in the 'Additional information' box on page TT4:

- a note that the trust or estate registered for VAT during the period
- the date of the registration
- whether sales and expenses from the registration date are VAT inclusive or exclusive.

Similar action is required if the VAT registration was cancelled during the period, except that the details to appear in the 'Additional information' box should refer to the date of deregistration and whether sales and expenses before that date are inclusive or exclusive of VAT. Expenses from the deregistration date should include VAT.

If the trust or estate is registered for VAT and the goods supplied are zero rated (so that sales figures do not include any VAT), tick either box 1.27 or box 1.28 to show whether entries in boxes 1.30 to 1.64 include or exclude VAT.

If the trust or estate is registered for VAT, but treated by us as partly exempt for the purposes of calculating taxable profits, business expenditure includes any input tax that is not claimable. Where you complete boxes 1.29 to 1.64 on a VAT inclusive basis entering the net payment to, or net repayment from, us, in boxes 1.63 and 1.50 respectively, will reflect this. However, if you complete the boxes on a VAT exclusive basis please ensure that expenses figures include any relevant input tax not claimed for VAT purposes.

The calculation of the net payment to (or repayment from) us may have included VAT on capital items purchased during the year; for example, on assets or rights that are of lasting use to the business and which are not bought or sold as part of ordinary trading operations. These might include business premises, plant, machinery, vehicles and trade rights. If you enter details of income and expenses inclusive of VAT on the Trust and Estate Trade pages, make a note of the VAT on those capital items in the 'Additional information' box on page TT4. Add that amount to the net payment to us which you include as an expense in box 1.63 or deduct it from the net repayment you include as a taxable receipt in box 1.50.

If you are in any doubt about the correct treatment of VAT on the Trade pages, ask us or your tax adviser. Contact us for more general guidance about VAT issues.

- Sales/business income (turnover)

box 1.29 Enter the amount of the turnover in box 1.29. If it includes income from which tax has been deducted (excluding deductions made by contractors on account of tax) enter in box 1.98 the total tax deducted between 6 April 2010 and 5 April 2011.

- Business expenses

boxes 1.30 to 1.63 You should include all business expenses in boxes 1.46 to 1.48 and 1.51 to 1.63.

You can only claim for expenses which are incurred wholly and exclusively for business purposes. Some of the amounts you enter in boxes 1.46 to 1.48 and 1.51 to 1.63 may not be allowable for tax purposes. Enter any disallowable amounts in boxes 1.30 to 1.45 and the total in box 1.66.

Disallowable amounts may be expenses that are not allowable at all for tax (such as entertainment expenses and depreciation of fixed assets) or the disallowable part of expenses (such as motor expenses, if a vehicle is used for private as well as business mileage).

Example 1
Total motor expenses included in box 1.55 are £3,000 and one-third of the mileage is private. You can only claim two-thirds of the cost against tax, that is £2,000. Enter the private use proportion of £1,000 in box 1.37.

Some small businesses can calculate car expenses using a fixed rate per business mile rather than actual costs. Details and conditions are in *Helpsheet 222: How to calculate your taxable profits*.

If any of the amounts in boxes 1.46 to 1.48 and 1.51 to 1.63 are recoverable under an insurance, include them in the disallowable expenses to be entered in boxes 1.30 to 1.45 unless they are already in box 1.29 or box 1.50.

Use the table on page TTN5. It gives more information on how to fill in the boxes.

- Other income/profits

box 1.50 Enter in box 1.50 any business income that you did not include as turnover in box 1.29. Examples might include rental income and interest from a business bank or building society account. If you are including this income in a different place on the Trust and Estate Tax Return make sure that you deduct it at box 1.71. For example, bank interest included on page 4 of the Trust and Estate Tax Return should not be included in the net business profit or loss in box 1.73.

- Additional information

Use the 'Additional information' box, box 1.116 on page TT4 if you want to explain any of the figures in more detail. For example:

- particulars of any significant or unusual items (either income or expenditure) included in the figures, **or**
- details of receipts or expenditure connected with the business which for any reason are not included in the figures, **or**
- an explanation of any tax adjustment to the net profit where the reason is not apparent from these figures, **or**
- an explanation of any items not included in the accounts information, but which affect the taxable profits.

This may avoid unnecessary enquiries being made. More help is available in *Helpsheet 229: Information from your accounts.*

Table on Page TTN5
Notes continue on Page TTN6

Notes on TRUST AND ESTATE TRADE

	■ *Disallowable expenses*	■ *Total expenses*
Cost of sales	**box 1.30** Fuel expenses attributable to non-business use of vehicles.	**box 1.46** If the business involves the resale or consumption of raw materials, enter here the cost of the goods used; that is, purchases plus opening stock/work in progress *minus* closing stock/work in progress. So, for example, **subcontractors in the construction industry** should include here the cost of any materials supplied. And **taxi drivers, minicab drivers etc. and those in the road haulage industry** should enter fuel expenditure in this box, rather than elsewhere, unless they are claiming mileage rate. Businesses providing services commonly adjust their business profits to reflect work in progress at the start and end of the period of account. If an adjustment of this sort is appropriate, make it here; otherwise leave the box blank. If the figure is negative, enter it in brackets.
Construction industry subcontractor costs	**box 1.31** Any payments made relating to non-business work.	**box 1.47** Include all payments to subcontractors in the construction industry. Enter the gross amount before deduction if any payments have been made to subcontractors paid under deduction.
Other direct costs	**box 1.32** Depreciation of fixed plant.	**box 1.48** Expenses deducted to arrive at gross profit, for example, discounts allowed, commissions payable, carriage and, in manufacturing businesses, the costs of producing goods sold such as direct labour costs, depreciation of fixed plant, machine hire, small tools and consumables. If the business provides services, it may incur rechargeable expenses, which are deducted to arrive at a figure of gross profit.
Employee costs	**box 1.33** Employment costs that are not paid within nine months of the end of the period of account, or any payments made for non-business work.	**box 1.51** Salaries, wages, bonuses, pensions, benefits, employer's NICs, etc. for permanent, temporary and casual employees, and other staff-related costs such as canteen expenses and recruitment agency fees, etc. Any subcontract labour costs, including locum fees, not included elsewhere should be included here.
Premises costs	**box 1.34** Non-business part of premises costs used partly for business use. Costs of acquiring premises.	**box 1.52** Rent, business rates, water rates, light, heat, power, property insurance, security and other similar expenses. If accounts contain an amount for 'use of home', include that figure here.
Repairs	**box 1.35** Non-business part of repairs, renewals and general maintenance of premises and machinery used partly for business. Costs of alteration, improvements or replacement to premises and machinery.	**box 1.53** Repairs and renewals, general maintenance of business premises and machinery.
General administrative expenses	**box 1.36** Private and personal expenses. Non-business part of costs used partly for business, payments to political parties. Most payments to clubs, charities or churches.	**box 1.54** Phone, facsimile, postage, stationery and printing costs, courier services, together with general office expenses, the costs of trade or professional journals and subscriptions, etc., costs of insurance not included elsewhere and other similar recurring costs which arise in running the business.
Motor expenses	**box 1.37** Non-business motoring. Travel between home and business. Costs of buying vehicles (but capital allowances can be claimed). Parking and other fines.	**box 1.55** Insurance, servicing, repairs, Vehicle Licence, petrol or diesel, hire and leasing charges, parking charges, AA/RAC membership.
Travel and subsistence	**box 1.38** Meals (except the reasonable cost of meals on overnight business trips).	**box 1.56** All travel costs other than those included in motor expenses, such as rail, air and taxi fares, together with hotel accommodation costs and subsistence or similar costs.
Advertising, promotion and entertainment	**box 1.39** Entertaining and hospitality (except gifts of up to £50 per person per year that advertise the business and are neither food nor drink, and the costs of entertaining staff).	**box 1.57** The ordinary day-to-day costs of advertising and promoting the business goods or services, such as newspaper advertisements, mailshots and the distribution of free samples of the goods dealt in. Entertainment.
Legal and professional costs	**box 1.40** Costs of settling tax disputes, legal costs of buying fixed assets (these are treated as part of the cost of the fixed asset). Costs and fines or penalties for breaking the law.	**box 1.58** Accountant's, solicitor's, surveyor's, architect's, stocktaker's and other similar costs, together with professional indemnity insurance premiums and the like.
Bad debts	**box 1.41** General bad debts reserve. Debts that were not taxed when they arose, for example, because they relate to a sale of a fixed asset.	**box 1.59** The amount of money included in turnover but remaining unpaid at the accounting date that the trust or estate considers will never be recovered and has decided to write off this year. If unexpectedly, it does recover the amount in a later year, make sure that it is included in box 1.50 in that later year's Trust and Estate Tax Return.
Interest and alternative finance payments	**box 1.42** Repayment of the loan etc. or overdraft.	**box 1.60** Interest etc. on bank and other loans etc. (including overdrafts).
Other finance charges	**box 1.43** Repayment of the loan etc. or overdraft.	**box 1.61** Bank charges, credit card charges, hire purchase interest, and leasing payments etc. and other similar costs not included elsewhere.
Depreciation and loss/(profit) on sale	**box 1.44** Generally, depreciation and losses on assets are not allowable for tax, and profits on assets are not taxable receipts. Any figure in box 1.62 should be cancelled by putting the same figure in box 1.44. However, to the extent that any of these items are attributable to assets held under finance leases, a different treatment may be appropriate.	**box 1.62** Add together depreciation and losses on sales of assets, and deduct profits on sales of assets that are included in the accounts, and enter the resulting figure in the box. Where the profit on disposal of an asset exceeds the total of any losses on disposal and depreciation added together, show such a figure in brackets. A figure in brackets is to be deducted when you add up your total expenses. If you sold assets at a profit, you should consider whether you need to enter a capital gain in the Trust and Estate Capital Gains pages.
Other expenses	**box 1.45** The non-business part of expenses in box 1.63. Ordinary, everyday clothing even if bought specially for business use.	**box 1.63** Add up all the expenses not included elsewhere and enter the total figure.

Tax adjustments to net profit or loss

box 1.66 Enter in box 1.66 the total of disallowable expenses in boxes 1.30 to 1.45.

box 1.67 You should also make adjustments for goods taken out of the business for personal use by the trustees or personal representatives, or for their families or friends. Enter in box 1.67 the normal selling price of all goods taken out for such use, *minus* any sum paid into the business for the goods and which you have already included in the turnover in box 1.29.

box 1.71 Use box 1.71 for any adjustments (deduct from a profit or add to a loss) for any amounts you took into account in arriving at the net profit or loss, but which are either not taxable receipts or are not taxable as profits from the trade or profession. Any taxable income in box 1.71 must be included in the appropriate part of the Trust and Estate Tax Return.

Foreign tax

If the business income includes amounts that have been taxed abroad, you may be able to claim a credit against the UK tax bill. To do so you should fill in the Trust and Estate Foreign pages (ask the SA Orderline for a copy if you do not have one). This will usually be the most beneficial way to claim relief for the foreign tax paid.

If you do not wish to claim tax credit relief, you may instead deduct the foreign tax in working out the taxable profit or loss. Enter in box 1.71 the amount of foreign tax paid on the foreign income included in the Trust and Estate Trade pages. Exclude this tax from the Trust and Estate Foreign pages.

If you are claiming overlap relief this year for an amount on which you claimed tax credit relief in an earlier year, you will need to ask the SA Orderline for *Helpsheet 260: Overlap* if you want to calculate the tax. Otherwise, enter details of the amount claimed in the 'Additional information' box, box 1.116 on page TT4.

Adjustments to arrive at taxable profit or loss

You should only calculate the taxable profit or loss for 2010–11 once, even if you are providing details from more than one set of accounts for this year. Use the '**Adjustments to arrive at taxable profit or loss**' section in the set of Trust and Estate Trade pages for the most recent set of accounts.

boxes 1.74 and 1.75 Enter the dates the basis period for 2010–11 begins and ends in boxes 1.74 and 1.75. Basis period is explained on page TTN3.

boxes 1.76 and 1.77 Copy the profit or loss from box 1.26 or box 1.73, whichever is appropriate, to box 1.76. If you ticked box 1.10 enter '0' in box 1.76 and include the appropriate amount of any profit returned last year in your entry in box 1.77.

If the basis period is not the same as the period covered by the accounts, calculate the profit or loss of the basis period by adding together and/or dividing the profits or losses of the periods for which you have accounts. Enter in box 1.77 any amount that needs to be added to, or deducted from, the figure in box 1.76. *Helpsheet 222: How to calculate your taxable profits* explains how to calculate the adjustment.

If the adjustment means that you have to deduct a figure at box 1.77, show the figure in brackets and remember to subtract it in arriving at the total taxable profits.

• Overlap relief

boxes 1.78 to 1.80

Overlap profits and relief

If the trust or estate's annual accounting date is a date other than 5 April then overlaps in its basis periods may occur:

- in the first three years after its business starts up, **or**
- in a year in which there is a change of accounting date.

You may be able to claim overlap relief for the profit (the overlap profit) which arises in any overlap period.

Overlap relief may be due for 2010–11 if:

- the business ceased in 2010–11, **or**
- the accounting date changed in 2010–11 and the basis period, as shown in boxes 1.74 and 1.75, exceeds 12 months.

Enter in box 1.78 any unused overlap profit (including any unused transitional overlap profit) brought forward from 2009–10; in box 1.79 any overlap profit used in 2010–11; and in box 1.80 any unused overlap profit carried forward to 2011–12.

Ask the SA Orderline for *Helpsheet 222: How to calculate your taxable profits* which explains how to calculate overlap profits and how to claim overlap relief.

box 1.81 If the trust or estate business is farming or market gardening or a creator of literary or artistic works, you may be able to claim to average two years' profits. Ask the SA Orderline for *Helpsheet 224: Farmers and market gardeners*, or *Helpsheet 234: Averaging for creators of literary or artistic works*, which explains this.

boxes 1.83 and 1.84 If box 1.76 and the adjustments in boxes 1.77 and 1.79 result in a profit and you have not claimed farmers' averaging (box 1.81), enter this profit in box 1.83 and '0' in box 1.84. If you have claimed farmers' averaging (box 1.81), adjust the profit by that amount and enter the resulting figure in box 1.83 and '0' in box 1.84.

If box 1.76 and the adjustments in boxes 1.77 and 1.79 result in a loss, enter this figure in box 1.84 and '0' in box 1.83 unless you have claimed farmers' averaging in box 1.81. If you have, enter this figure in box 1.83 (and the loss in box 1.84).

If the trust or estate business has made a loss, you may be able to claim tax relief for that loss. If you want information on losses, ask the SA Orderline for *Helpsheet 227: Losses*.

Time limits: some claims must be made by 31 January 2013. You should ensure that any claims you may wish to make are made within the time limit prescribed. Late claims cannot normally be accepted.

box 1.85 If you wish to offset the 2010–11 loss against other trust or estate income for 2010–11, enter the amount you are claiming to offset in box 1.85 (also see *Helpsheet 227: Losses*).

box 1.86 If you want to claim for relief for the 2010–11 loss to be calculated by reference to income of an earlier year, or years, enter the amount of the loss in box 1.86. If you have already made a claim for the relief to be calculated in this way, you should still include the loss in box 1.86, and provide details in the 'Additional information' box, box 1.116 on page TT4.

box 1.87 Enter in box 1.87 any losses sustained in 2010–11 that you claim to carry forward against later profits.

boxes 1.88 and 1.89 Enter in box 1.88 any losses sustained in the same business in earlier years, which you claimed to carry forward against later profits, and have not already used.

You can use that loss to offset any profit in box 1.83. Enter in box 1.89 the amount you are deducting up to the figure in box 1.83.

box 1.91 Enter any amounts not included elsewhere in the Trust and Estate Trade pages but which are needed to calculate the taxable profits, such as reverse premiums. These are payments or benefits which are received as an inducement to take a lease of property. If the leased property is to be occupied for trade purposes, the premium will be a taxable receipt. If you are in any doubt about the proper tax treatment of any particular receipt, you should ask us or your tax adviser.

boxes 1.92 and 1.93 Enter in box 1.92 the total of boxes 1.90 and 1.91. If you are unable to complete the income and expenses section of these pages because it is impossible to prepare the figures to arrive at the taxable profit before the latest date for sending the Trust and Estate Tax Return, provide an estimate of the taxable profit in box 1.92 and tick box 1.93. Read the notes on page TTN2 and page 27 of the Trust and Estate Tax Return guide and then tick box 21.5 on page 12 of the Trust and Estate Tax Return. It would also help us if you say in the 'Additional information' box, box 21.11:

- why you cannot give a final figure in box 1.92, **and**
- an approximate date on which you expect to be able to give us your final figure.

Subcontractors in the construction industry

box 1.97 If the trust or estate business is subcontracting in the construction industry, it may have received some payments under the Construction Industry Scheme (CIS). If it has, you should enter in box 1.97 the total of the deductions made on account of tax from payments made during the period 6 April 2010 to 5 April 2011. If you wish to calculate the trust or estate's tax, include the figure in box 1.97 in box T5.22 on the Working Sheet on the Tax Calculation Guide. The CIS deductions should be shown on payment and deduction statements that you should have received from the contractor(s) for whom you worked. If you have not received these payment and deduction statements, ask your contractor(s) to provide them. If you still cannot get them, please give these details:

- name and address of the contractor
- month(s) payment(s) were made to you
- amount of the gross payment
- amount of deduction.

If you were given a payment and deduction statement, but you have lost your copy, ask the contractor to give you another copy. You **do not** have to submit these with the Trust and Estate Tax Return. If repayment of CIS deductions for 2010–11 has already been claimed you should still enter the total amount of CIS deductions for the year in box 1.97. Enter the amount of the repayment already refunded in box 21.6 on page 12 of the Trust and Estate Tax Return.

Tax taken off trading income

box 1.98 Enter in box 1.98 any tax taken off trading income excluding CIS deductions between 6 April 2010 and 5 April 2011. If you wish to calculate the trust or estate's tax include the figure in box 1.97 in box T5.22 on the Working Sheet on the Tax Calculation Guide.

Summary of balance sheet

boxes 1.99 to 1.115 If the trust or estate has business accounts, and they include a balance sheet, copy the entries to the appropriate boxes. If the accounts do not contain a balance sheet, or the turnover was less than £30,000, leave these boxes blank.

Make sure that you have transferred all of the figures to the summary, and that each is included **once** only. Only include figures appearing in the balance sheet.

You should use your judgement to transfer the figures from the accounts to the most appropriate boxes. Depending on the circumstances of the business, certain elements in the balance sheet may appear either as assets or as liabilities. For example, a bank account with business funds in it will be an asset while an overdrawn account will be a liability. For the former, enter the balance in box 1.103. For the latter, enter the balance in box 1.107.

Other elements that might be affected in this way are most commonly the Capital Account balances and the net profit or loss. **Where a balance on the Capital Account is overdrawn, or the business made a net loss in the year, you should enter the amount in brackets.**

The figure of net profit or loss appearing in the balance sheet should be the same as that which you entered in box 1.65 for the same period.

The figure for net business assets (box 1.110) should be the same as the figure for the balance of the Capital Account at the end of the period (box 1.115).

Farmers and market gardeners

You will need *Helpsheet 224: Farmers and market gardeners* from the SA Orderline which explains:

- the special rules for averaging profits over two years in some circumstances
- the herd basis for calculating profits which can be used by production livestock farmers
- capital allowances on agricultural buildings and works. Methods of farm stock valuation acceptable to us are explained in *Helpsheet 232: Farm stock valuation.*

Glossary

Balancing charges – withdrawal of some or all of the capital allowances previously given. They arise when fixed assets stop being used in your business.

Basis period – the period used to identify the profits taxable in any particular tax year.

Capital allowances – allowances against tax for the cost of certain fixed assets.

Fixed assets – assets such as buildings, plant and machinery, vehicles, etc. used in the business but not bought and sold as part of ordinary trading operations. For example, if the trust or estate business is plumbing, the van and tools are fixed assets but pipes, boilers, etc. are not (they are stock). The cost of buying fixed assets is called capital expenditure.

Overlap profit and overlap relief – overlap profits arise when basis periods overlap so that the same profits are taxable in two different tax years. Overlap relief deducts the overlap profits in a later tax year so that over the life of the business you do not pay tax on more profits than are earned.

Stock – raw materials used in the business and goods bought for resale, which are on hand.

continued over

Notes on TRUST AND ESTATE TRADE

Trade – any commercial operation supplying goods or services to a customer for profits is likely to be regarded as a trade. If you are in doubt whether the trust or estate carried on a trade, profession or vocation during 2010–11, you should ask us or your tax adviser (if you have one).

Trade creditors – money owed to other businesses for goods or services received, but unpaid at the accounting date.

Trade debtors – money owed to the business for goods sold or work done that is included in turnover, but remains unpaid at the accounting date.

Turnover – all the money earned by the business before deducting any business expenses. It includes receipts in cash or in kind for goods sold or work done, commission, fees receivable, tips, insurance proceeds for stock and loss of profits, etc. **Do not** include amounts received from the sale of capital items, that is, assets which are of lasting use to the business, such as business premises, plant, machinery and vehicles.

Turnover should be included in the accounts when it is earned, even if the money is not received until later. Amounts earned but not received by the accounting date – trade debtors – should therefore be counted as turnover. This will include goods delivered or services completed by the accounting date, even if a bill had not been issued by then. But make that sure you do not count money received which was included as turnover in an earlier period when it was earned.

Work in progress – partially manufactured stock on hand, or partially completed work on contracts under which the trust or estate business provides services.