Trust and Estate Tax Calculation Guide For the year ended 5 April 2020 (2019-20)

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 2020.

If you complete a paper Trust and Estate Tax Return you must make sure that this reaches us by 31 October 2020. If your paper Trust and Estate Tax Return reaches us after this date, we'll charge you an automatic penalty of £100.

If we receive the paper Trust and Estate Tax Return after 31 October 2020 and you have not worked out the tax, we'll do it for you but we cannot guarantee to tell you what to pay by 31 January 2021.

So if you do not know what tax to pay, make an estimate and pay that by 31 January 2021. Remember, if you do not pay enough, you'll have to pay interest and possibly a late payment penalty.

You can file online even if we've sent you a paper Trust and Estate Tax Return. If you file online, you have until 31 January 2021 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'll receive an instant on-screen acknowledgement that we've received your tax return. Go to www.gov.uk/how-to-send-self-assessment-online for information about filing online.

If we receive your online tax return after 31 January 2021 then you'll be charged an automatic penalty of £100.

Whichever method you use to file your Trust and Estate Tax Return, by 31 January 2021 you must:

- pay the balance of any tax the trust or estate owes for 2019 to 2020
- pay the first payment on account for the 2020 to 2021 tax year,
 if appropriate

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

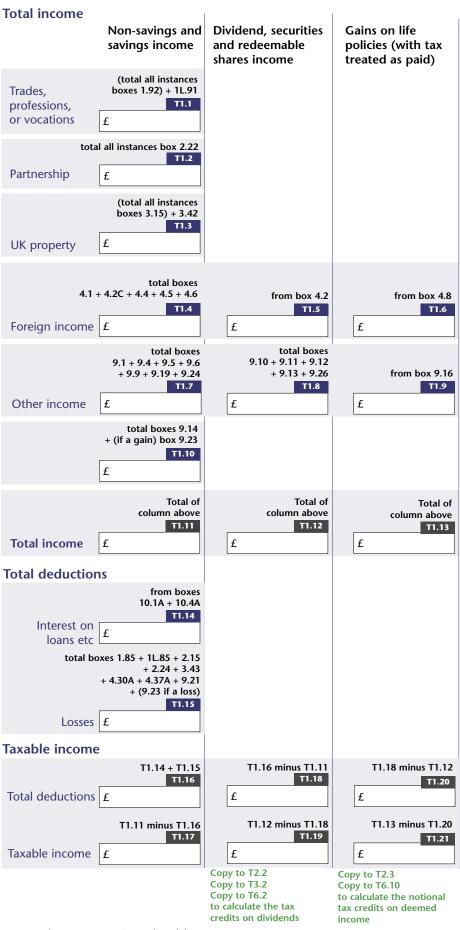
If you need help, then please ask us.

Layout of the calculation

Here is a summary of the stages you'll see in the working sheet:

- is for all the income and deductions that you've 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.
- 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 or 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're taxable at the basic or dividend ordinary rate only, you should complete stage 5. If you're 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've already deducted from income (so you'll 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 T7.43 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 2021, or what we have to pay you, and checks if you'll have to make 2020 to 2021 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



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.

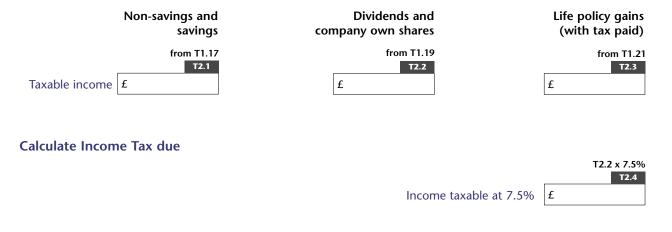
Other trustees, not taxable at the trust rate or the dividend trust rate, should now go to stage 5.

Stage 2 This section should only be completed by personal representatives

Income taxable at 20%

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

Calculate taxable income



T2.1 + T2.3

T2.5

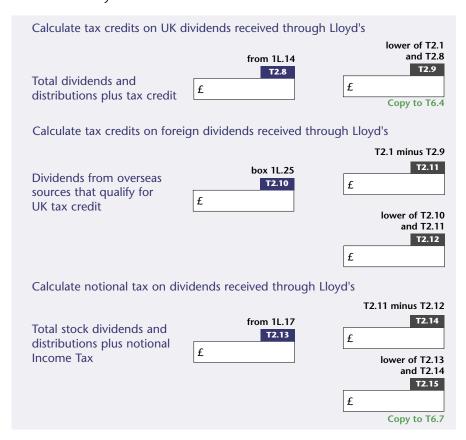
		T2.4 + T2.6
		T2.7
Income Tax due	£	
		Copy to T7.1

£

T2.5 x 20%

T2.6

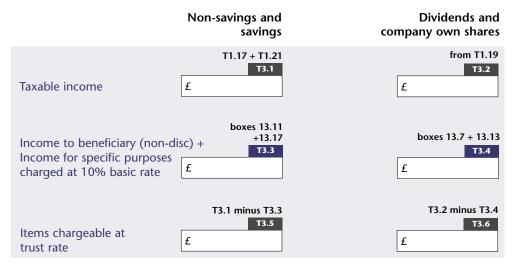
If you're the personal representative of a deceased Lloyd's underwriter, please complete boxes T2.8 to T2.15 to calculate tax credits on Lloyd's income.



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')



Calculation of Trust Management Expenses (TMEs)

If you're 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.

Total Trust Management Expenses	
Income not liable to UK Income Tax	T3.8 + T1.11 + T1.12 + T1.13
Total	13.8 + 11.11 + 11.12 + 11.13 13.9 income
lotai	
Expenses applicable to income not I UK Income Tax (non-resident trus	
Expenses applicable to	
not liable at the tr	T3.7 minus (T3.10 + T3.11)
Trust Management Expenses all	

	Dividends etc	Non-savings etc
Notional maximum amount of net Trust Management Expenses which could be allowed against income	T3.6 x 92.5/100 T3.13 £ lower of T3.12 and T3.13 T3.15 £	T3.5 x 80/100 T3.14 £ T3.12 minus T3.15 T3.16 £
		lower of T3.14 and T3.16 T3.17
Grossed up Trust Management Expenses	T3.15 x 100/92.5 T3.18	T3.17 x 100/80 T3.19 £

Determine taxable income chargeable at trust rates

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

	Non-savings etc	Dividends etc
Items chargeable at trust rate	T3.5 minus T3.19 T3.20 £	T3.6 minus T3.18 T3.21
Standard rate band	from box 9A.1 T3.22 £	T3.22 minus T3.20 T3.23 £
Taxable income chargeable at trust rates	T3.20 minus T3.22 T3.24 £	T3.21 minus T3.23 T3.25 £
Taxable income not chargeable at trust rates	T3.1 minus T3.24 T3.26 £	T3.2 minus T3.25 T3.27
	Income taxable at 45	T3.24 x 45% T3.28 5% £
	Income taxable at 38.1	T3.25 x 38.1% T3.29
	Income taxable at 20	T3.26 x 20% T3.30)% £
	Income taxable at 7.5	T3.27 x 7.5% T3.31 £
	Income Tax d	3.28 + T3.29 + T3.30 + T3.31 T3.32 Iue £

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')

Taxable non-savings and savings income	T1.17 + T1.21 T4.1	T4.1 x 20% T4.2
boxe	s 4.2 + 9.10 + 9.11 + 9.12 + 9.13 + 9.26	
Dividend type income	£ T4.3	
	from T1.18 T4.4	
	£	
	T4.3 minus T4.4	
Taxable dividend type income	£ T4.5	
	from box 9A.1	
Standard rate band	£ T4.6	
	lower of T4.5 and T4.6	
	£	
	from box 9.26	
	£ T4.8	
	lower of T4.7 and T4.8	T4.9 x 7.5%
	£	£
	T4.5 minus T4.9	T4.11 x 20%
	£ T4.11	f.112
		T4.2 + T4.10 + T4.12 T4.13
		£
		Copy to T7.1

Now go to stage 6 - ignore stage 5

Stage 5 This section should be completed by trustees who are not taxable at the trust rate or the dividend trust rate

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

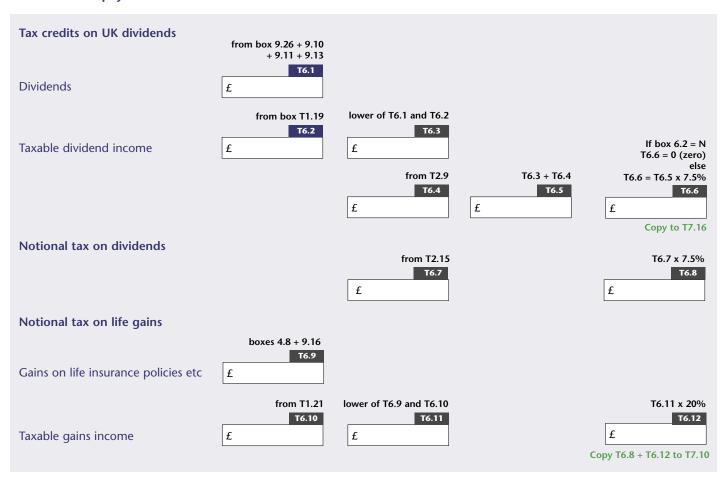
		T1.17 + T1.21		
Ta	axable non-savings and savings income	£		
lower o	f box 3.22 and box 3.42 T5.2			
boxes 4.6 + 4	.8 + 9.16 + 9.24 + T1.10			
	£ T5.3			
	T5.2 + T5.3	lower of T5.1 and T5.4		
	f 5.4	£		
		T5.1 minus T5.5		T5.6 x 20%
	Income taxable at 20%			£
	from box 9A.1			
Standard rate band	f. T5.8			
		lower of T5.8 and T5.5		T5.9 x 20%
	Deemed income in standard rate band			£
		T5.5 minus T5.9		T5.11 x 45%
		£ T5.11		£ T5.12
		from T1.19		
	Taxable dividend type income	T5.13		
	from box 9.26	ower of T5.13 and T5.14		
	f5.14	£ T5.15		
		T5.13 minus T5.15		T5.16 x 7.5%
		f.16		£ T5.17
	T5.8 minus T5.9			
	T5.18			
	ı	ower of T5.14 and T5.18		T5.19 x 7.5%
	Income in standard rate band	T5.19		£ T5.20
		T5.15 minus T5.19		T5.21 x 38.1%
		£ T5.21		£ T5.22
			T5.7 + T5.10 + T5.12	+ T5.17 + T5.20 + T5.22
			Income Tax due	f T5.23
				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



Add together tax paid

Self Employment from question 1	boxes 1.97 + 1.98 T6.13
Lloyds from question 1L	boxes 1L.8 + 1L.53 T6.14 £
	from box 3.21
Income from property	T6.15
from question 3	£
Foreign from question 4	boxes 4.1A + 4.2A + 4.2B + 4.3 + 4.10A T6.16 £
•	
Savings interest from question 9	boxes 9.3 + 9.8 + 9.18 T6.17 £
	T/ 12 - T/ 14 - T/ 15 - T/ 17 - T/ 17
	T6.13 + T6.14 + T6.15 + T6.16 + T6.17
Total tax paid	£
	Copy to T7.26

Stage 7 Work out Income Tax and Capital Gains Tax due for 2019 to 2020

All trustees and personal representatives complete this section.

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

		from T	2.7 or T3.32 or T4.13 or T5.23
		1101111	T7.1
Income Tax due			£
Calculate relief for finance costs	from 3.46 + 3.47		
Finance costs	£ T7.2		
Finance costs	from 3.42	lower of T7.2 and T7.3	
	T7.3	T7.4	
Adjusted profit	£	£	
	from 4.4A + 4.4B		
Finance costs	£		
	from 4.4	lower of T7.5 and T7.6	
A discrete discrete	T7.6	T7.7	
Adjusted profit	£	£ T7.4 + T7.7	
		T7.8	
Relievable amount		£	
		T7.8 x 20%	
Relief for finance costs		£	
		T6.8 + T6.12	
		T7.10	
Notional tax		£	
		from box 4.9 T7.11	T7.9 + T7.10 + T7.11
Foreign Tax Credit Relief		£	£
			T7.1 minus T7.12
			T7.13
		10.24 - 10.64 - 11.2	£ T7.13 + T7.14
Patent Royalties, recoverable tax on charges		10.3A + 10.6A + 11.2 T7.14	T7.15 + 17.14
and annual payments made out of capital		£	£
			from T6.6
Dividends from UK companies			£ T7.16
, and the second second			T7.15 minus T7.16
			T7.17
			£
		from T23.27 T7.18	T7.17 + T7.18 T7.19
Pension payment charges		£	£
		from box 10.1B	T7.19 minus T7.20
Vulnerable beneficiary relief		£ T7.20	£ T7.21
vullerable beneficiary relief		from T9.29	T7.21 + T7.22
		T7.22	T7.23
Tax pool adjustment		£	£
		from box 10.1C	T7.23 minus T7.24
Employee Benefit Relief		£ T7.24	£ T7.25
1 -2		_	This box can be negative
			from T6.18 T7.26
Tax paid			£
			T7.25 minus T7.26
			Т7.27

This box can be negative £

Page TTCG 12

Income Tax due

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

Capital Gains Tax	Chargeable gains		from box 5.8	T7.28 x 28%
Residential property		£	T7.28	£ T7.29
	if box 5.36 is less than 0 (zero)		reater than 0 (zero)	
	T7.29A = 5.36 else T7.29A = 0 (zero)	T7.30 = 5.36 minu	is (T7.32B + T7.32C) else T7.30 = 0 (zero)	T7.30 x 28%
Non-resident Capital Gains	Loss £	£	T7.30	£ T7.31
Non-resident Capital Gains	Loss			L
		T7.31A = (T7.29B + else T7.31A = T7.29/	reater than 0 (zero) T7.29C) minus 5.36 A + T7.29B + T7.29C T7.31A	
		Unused loss £		
	if box 5.36A is less than 0 (zero) T7.29B = 5.36A		reater than 0 (zero) 5.36A minus T7.31A	
	else T7.29B = 0 (zero)		se T7.31B = 0 (zero)	
	Loss £	£		
		T7.31C =	reater than 0 (zero) T7.31A minus 5.36A else T7.31C = T7.31A	
			T7.31C	
	if how 5 26P is loss than 0 (zoro)	Unused loss f	reater than 0 (zero)	
	if box 5.36B is less than 0 (zero) T7.29C = 5.36B else T7.29C = 0 (zero)	T7.31D =	5.36B minus T7.31C se T7.31D = 0 (zero)	
	Т7.29С		T7.31D	
	Loss £	£		
			T7.31B + T7.31D	T7.31E x 20%
Other property, assets and gair	ns	£		£
			from box 5.16	
other gains		£	T7.32	£ T7.33
· ·			5.17 <u>+</u> 5.17A	
gains that qualify for ER and/or	r IR	£	T7.34	£ T7.35
gams that quality for the ana, of		_		- T7.31 + T7.31F + T7.33 + T7.35
Total Taxable Gains				£
	eign tax paid and Special Withhol		from box 4.10 T7.37	
Capital Gains' pages	ns reported on the 'Trust and Est	£		
			from box 5.6 T7.38	
Vulnerable beneficiary election –	amount of relief claimed	£		
			from box 5.14 T7.39	
Vulnerable beneficiary election –	amount of relief claimed	£		
		_	from box 5.37	
Non-resident Capital Gains Tax a	already paid	£	T7.40	
				T7.37 + T7.38 + T7.39 <u>+ T7.40</u>
				£ T7.41
				T7.36 minus T7.41
Total Capital Cains Tay due				£ T7.42
Total Capital Gains Tax due				T7.27 <u>+ T7.42</u>
Income Tax and Capital Gains	Tax due for 2019 to 2020		This box can be n	T7.43
Copy this figure to box 17.1 in the Trus			THIS DOX CAN BE I	legative L

Stage 8 All trustees and personal representatives complete this section

Enter in box T8.2 the amount of any repayment of 2019 to 2020 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 2019 to 2020 because you claim:

- farmers' averaging
- · averaging of literary or artistic income
- 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 2019 to 2020, even though it's 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 2019 to 2020, calculated by reference to an earlier year, because you're claiming:

- loss relief calculated by reference to your income of an earlier year or years
- 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 2019 to 2020 even though it's 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 2021

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

	from 17.43	
Income Tay and Capital Cains Tay due for 2010 to 2020	£ T8.1	
Income Tax and Capital Gains Tax due for 2019 to 2020	This box can be negative	
	from box 21.6	
2010 to 2020 to obtain the dead	Т8.2	
2019 to 2020 tax already refunded	£	
Annual division and in annual name to a few divisions	from box 17.2	
Any adjustment increasing the tax due, calculated by reference to earlier years (see Notes and on	T8.3	
the Trust and Estate Tax Return)	£	
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	from box 17.4	This box can be negative
earlier years (see Notes and on the Trust and Estate Tax Return)	T8.5	
Tick box 17.3 and copy this figure to box 17.4 in the Trust and Estate Tax Return	£	
	from box 17.9	
	Т8.6	
Any 2020 to 2021 repayment (see Notes)	£	T8.5 + T8.6 + T8.7
Payments already made	Т8.7	T8.8
(from your Statements of Account)	£	£
		T8.4 minus T8.8
	c payable for 2019 to 2020	T8.9
	itive, this is the tax you owe e, this is the tax we owe you	£
ii box 10.7 is negative	e, this is the tax we owe you	This box can be negative
Calculation of payment on account for 2020 to 2021		
Calculation of payment on account for 2020 to 2021		
	from T7.27 T8.10	
Income Tax bill for 2019 to 2020	£	
income tax bill for 2017 to 2020		
If box T8.10 is less than £1,000, you don't need to make paymen	ots on account. Tick box 17.6	
in the Trust and Estate Tax Return. Otherwise, leave box 17.6 blan		
The mast and Estate fan Netami Schemise, leave son 1710 sian		
To did district or	T7.10 + T7.24 + T7.26 T8.11	
Tax deducted at source, notional tax, tax credits, etc	£	
notional any an election ele	T8.10 + T8.11	
	T8.12	
	£	
	T8.12 x 20%	
	T8.13	

If box T8.10 is less than T8.13, you don't 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 2020 to 2021

Payment due by 31 January 2021

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

£ T8.9 + T8.14 T8.15£
This box can be negative

T8.10 x 50%

Stage 9 Calculation of tax pool for 2019 to 2020. 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've 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 2019 to 2020. Any excess in the tax pool is carried forward to the tax pool for the tax year 2020 to 2021. Tax paid in a year when the trustees are non-resident does not enter the tax pool.

2020 to 2021. Tax paid in a year w	hen the tru	ustees are non-resident do	oes not enter the tax pool.	
If any box on this page is				from box 14.15
negative, substitute zero ('0')		Amount of tax	pool brought forward	£
				from box 13A.1
Amount	of tax pool	applicable to income that is	not settlor interested	£
				T9.1 + T9.2 T9.3
				£
If you've completed box 8.12 igno Otherwise, continue from box T9.4		9.4 to T9.20 and continue	e from box T9.21.	
otherwise, continue from box 17	т.			from T3.29 T9.4
		Trust rate tax charged on	dividend type income	£
		Trust rate tax charged on		T9.5 x 20%
			T3.20 minus T3.24	Т9.6
Non-s	avings incon	ne etc in standard rate band	£	£
				from T3.28 T9.7
	Tax charged	d on income and deemed in	come at the trust rate	£
			lower of T3.21 and T3.23	T9.8 x 7.5%
			Т9.8	Т9.9
Divid	lends covered	d by the standard rate band	£	£
				T9.1 + T9.4 + T9.6 + T9.7 + T9.5
				T9.10
		from T6.8		£
		T9.11		
Non-repayable tax on dividend type	income	£		
		from T3.31		
Tax charged on dividend type inco	mo not	T9.12		
charged at the dividend tr		£		
3 · · · · · · · · · · · · · · · · · · ·			T9.11 minus T9.12	
			Т9.13	
		from T6.12	£	
Non-repayable tax on deemed	income	£ T9.14		
		L		
smaller of T3.22 and T6.11		T9.15 x 20% T9.16	T9.14 minus T9.16 T9.17	
T9.15		£	£	
£		L		
			from box 4.9 T9.18	
	Fo	reign Tax Credit Relief	£	
		J		T9.13 + T9.17 + T9.18
				T9.19

Total deduction of non-repayable tax etc

			£
		higher of T	9.1 and (T9.3 or T9.20)
		_	T9.21
	Pool	available	£
Relief for finance costs	from box T7.9 T9.22A £		
Vulnerable Beneficiary Relief	from box 10.1B T9.22		
Employee Benefit Relief	from box 10.1C T9.23	1	T9.22A + T9.22 + T9.23 T9.24
			T9.21 minus T9.24 T9.25
			oxes 14.2 + 14.4 + 14.6 + 14.10 + 14.12 + 14.14
Tax on paym	ents to beneficiaries		f T9.26
		Т9.	26 multiplied by 45/55
			£ 70.25 minus T0.27
	orward to next year ount, enter zero '0')		T9.25 minus T9.27 T9.28
	Additional tax due		T9.27 minus T9.25 T9.29
(it negative am	ount, enter zero '0')		£

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

Copy to T7.22

T9.10 minus T9.19

T9.20