

IMPORTANT NOTICE: Trust & Estate Returns
Entitlement of Trustees to Standard Rate Band – Box 9A.1

I am writing to you as our records show that you deal with Trust & Estate returns, in order to highlight a potential problem with the non-completion of box 9A.1 (see Note 1).

Completion of the Return

Box 9A.1 requires an entry of the amount of standard rate band to which the trustees are entitled in all trust cases where there is income chargeable at the special trust rates. See Note 2.

Problem encountered

We have found that in many cases box 9A.1 has not been filled in. As a consequence we cannot include the standard rate band in our calculations. Any return where box 9A.1 has not been filled in is regarded as an incomplete Return.

We are alerting you to this problem so that you are aware of the need to complete box 9A.1 thus avoiding additional work and possible delays in the future.

Action by HMRC

If we find that box 9A.1 has not been completed we are currently:

- treating the Return as incomplete;
- where possible, attempting to resolve the matter by telephoning the trustee;
- and when this can not be done, sending the Return back to the trustee for completion.

We will review the situation later in the year.

Action required by you

If we send a Return back as incomplete, you will need to

- complete the Return, for example , put an entry in box 9A.1, and
- send it back to your Trust office.

There is more information in Note 2.

You should bear in mind that normal statutory filing dates apply and that you will need to send us back the Return to meet those dates. A penalty may be charged where filing dates have been missed. We can only process the complete Return when you have sent it back to us.

Please see Note 3 on where to get further help.

Notes

1. In the 2006 Budget, a change to the standard rate band was announced. From the tax year 2006-07, the standard rate band has increased to £1,000 but this figure must be apportioned if any settlor has made more than one settlement. A new question (Q9A) has been included in the 2006-07 Trust & Estate return and box 9A.1 requires an entry of the amount of standard rate band to which the trustees are entitled.

2. Box 9A.1 should be completed where there is any income chargeable at the special trust rates. It is relevant in all cases of accumulation or discretionary trusts but please note that even if the trustees are not normally liable at the special trust rates, there may be circumstances where they are. This is because certain capital items, treated as income for tax purposes (entries in boxes 9.29 to 9.40 on the main return and 3.22 on the Land & Property supplementary pages), are chargeable at the special trust rates on all trustees.

Enter in box 9A.1 the amount of standard rate band to which you are entitled. This cannot be more than £1,000 but it will be reduced if any settlor of the trust or settlement has made more than one trust or settlement, which are in existence during any part of the period covered by the Return. Where this is the case the £1,000 is divided by the number of settlements made by the settlor though it can not be reduced below £200. So if a settlor has made:

- two trusts or settlements, each will have a standard rate band of £500;
- three trusts or settlements, each will have a standard rate band of £334;
- four trusts or settlements, each will have a standard rate band of £250;
- five or more trusts or settlements, each will have a standard rate band of £200.

3. Further details about the apportionment of the standard rate band can be found

- on page 21 of the Trust & Estate Tax Return Guide (SA950),
- at TSEM3016a in the Trusts, Settlements and Estates Manual, and
- in Tax Bulletin 84.

All of the above are available on the HMRC website at www.hmrc.gov.uk

Alternatively you can call HMRC Trusts. If your query relates to a specific case please call the office that deals with the trust.

Edinburgh: 0131 777 4343
Nottingham: 0115 911 6500
Truro: 01872 245403