

**Executors/administrators:** use this form to advise beneficiaries about income from the estate of a deceased person

- for each year during the administration of the estate if a 'sum' is paid to the beneficiary in that year and
- for the year in which the administration of the estate is completed.

**Beneficiaries:** keep this form and refer to it if making a Tax Return or claiming a tax repayment. The box numbers 7.13 to 7.31 below refer to the box numbers on the *Trusts etc.* page of the Tax Return.

I certify that

(Name and address of beneficiary)

Full name
Address
Postcode

is a beneficiary of the estate of

(Name of deceased person)

Date of death

 /  / 

The information below is correct.

Signature of executor or administrator

Date

 /  / 

The beneficiary's estate income for the year ended 5 April  consisted of the following deemed income:

**Income taxed at:**

(see Notes 6a to 6f overleaf for tax rates and types of income)

	Income receivable	Tax paid	Taxable amount
basic rate	<input type="text" value="7.13"/> £ <input type="text"/>	<input type="text" value="7.14"/> £ <input type="text"/>	<input type="text" value="7.15"/> £ <input type="text"/>
lower rate	<input type="text" value="7.16"/> £ <input type="text"/>	<input type="text" value="7.17"/> £ <input type="text"/>	<input type="text" value="7.18"/> £ <input type="text"/>
dividend rate	<input type="text" value="7.19"/> £ <input type="text"/>	<input type="text" value="7.20"/> £ <input type="text"/>	<input type="text" value="7.21"/> £ <input type="text"/>
non-repayable basic rate	<input type="text" value="7.22"/> £ <input type="text"/>	<input type="text" value="7.23"/> £ <input type="text"/>	<input type="text" value="7.24"/> £ <input type="text"/>
non-repayable lower rate	<input type="text" value="7.25"/> £ <input type="text"/>	<input type="text" value="7.26"/> £ <input type="text"/>	<input type="text" value="7.27"/> £ <input type="text"/>
non-repayable dividend rate	<input type="text" value="7.28"/> £ <input type="text"/>	<input type="text" value="7.29"/> £ <input type="text"/>	<input type="text" value="7.30"/> £ <input type="text"/>
Total foreign tax for which foreign tax credit relief not claimed		<input type="text" value="7.31"/> £ <input type="text"/>	

## Notes for Beneficiaries

- 1 If you normally receive a Tax Return, you should transfer the amounts of income and tax paid shown on the statement overleaf, to the corresponding boxes on the Tax Return, and forward the Tax Return to your Inland Revenue office.
- 2 If you do not normally receive a Tax Return, you should complete one only if the income you receive from the estate, when added on to any other income, results in you being liable to pay tax at the higher rate.
- 3 If figures have been entered for tax paid in boxes 7.14, 7.17 or 7.20 overleaf you may be eligible to claim a repayment of the tax paid. If so, use the information from the boxes overleaf to complete section 6 of the R40 claim form. But please note that the tax described overleaf as 'non-repayable' cannot be repaid in any circumstances.

## Notes for Executors and Administrators

### 4 Please prepare a statement on the form overleaf and give it to the beneficiaries of UK estates

- for each year during the administration period in which a *sum* is paid to the beneficiary, and
- for the year in which the administration of the estate is completed.

It should not be given to beneficiaries of a foreign estate as none of the tax will be refundable. A schedule of income and UK/foreign tax credit relief claimable may be provided to beneficiaries of a foreign estate.

### 5 A 'sum' for this purpose includes cash, assets transferred or appropriated and debts set off or released.

#### Tax rates and types of income

- 6a** Income taxed at the basic rate includes rental income and profits from a trade. It does not include savings or dividend income.
- b** Income taxed at the lower rate includes savings income such as interest received.
- c** Income taxed at the dividend rate includes dividends from foreign companies.
- d** Income taxed at the non-repayable basic rate relates to gains realised on certain insurance policies.
- e** Income taxed at the non-repayable lower rate relates to tax years prior to 5 April 1999, and is only relevant if undistributed income is carried forward from 1998–99 or earlier years.
- f** Income taxed at the non-repayable dividend rate relates to dividends paid on UK shareholdings from 1999–2000 onwards.
- 7** You can work out the income which each residuary beneficiary should show in their Tax Return by following four steps. For example, for 2002–03 the steps are:

**Step 1** Add to any net amount brought forward from 2001–02 the net amount of the beneficiary's share of the residuary income for 2002–03.

**Step 2** Compare the net figures in Step 1 with the sum paid to the beneficiary in 2002–03. If the sum paid is greater than or equal to the result of Step 1, then the beneficiary's income is the amount at Step 1 - that is the aggregate income entitlement.

If the sum paid is less than the result of Step 1, the beneficiary's income is the sum paid. The balance of the aggregate income entitlement is carried forward to the next tax year. This will be the whole of the aggregate income entitlement if no distributions were made.

For the final tax year of the administration period, the residuary beneficiary's aggregate income entitlement will be treated as having been distributed in full.

**Step 3** The amount to be treated as income in Step 2 is to be treated as paid in the following order of preference:

1. Income bearing basic rate tax.
2. Income bearing lower rate tax.
3. Income bearing dividend rate tax.
4. Income bearing non-repayable basic rate tax.
5. Income bearing non-repayable lower rate tax.
6. Income bearing non-repayable dividend rate tax.

**Step 4** Gross up the income in Step 3. Net income taxed at basic rate should be grossed up at the basic rate of tax for the year in which the distribution is made for example, in 2002–2003 the income should be grossed up by multiplying the net income by the fraction  $100/78$ , because the basic rate of tax is 22%.