

Changes to the 2009-10 Trust & Estate SA Return & supporting guidance notes

You may find it helpful to have this note highlighting the main changes to the 2009-10 SA Trust Return and the supporting guidance notes.

SA900 Trust & Estate Main Return

- **Box 21.10A** - this is a simple voluntary tick-box to indicate whether the toolkit has been used. We are aware this may be viewed with some concern by some agents and we want to reassure you that the tick-box will be used only to gather some basic data to show how widespread its use has been. Without this data it will be very difficult for us to assess the value of the toolkit, the extent it has been used, and how best to improve the support we offer. So if you do use the toolkit it will help us if you tick the box.

The tick-box will not be used for risk assessment purposes in any way, nor will an empty box generate an enquiry. The notes to the return (SA950 page 27) make it clear that the signatory bears no responsibility for the completion or non completion of this box so it will not and cannot be used as part of any challenge about the accuracy of a return.

Further information on the new toolkit will be published in the May issue of the IHT/Trusts Newsletter.

SA901L Notes - Lloyd's underwriters

- Investors who hold shares in investment trusts should check the voucher provided to them by their trust as, from 1 September 2009, investment trusts have been able to make two types of distribution. In addition to dividend distributions, which should be returned as UK dividends, investment trusts may also make 'streamed' distributions of interest received by the trust. These distributions are known as interest distributions - see page TLUN2 for details of how this type of income should be returned for boxes 1L.6 to 1L.11.
- There are important changes to the way some types of foreign dividends are treated with effect from 22 April 2009 - see page TLUN4 for advice for customers who receive dividends from foreign companies that have substantial investments in interest-bearing assets.

SA904 Foreign income

- If you had income from furnished holiday accommodation in a European Economic Area (EEA) country, enter the details on the SA903 (Trust and Estate UK Property page) and **not** on the SA904 - see page TFN9.

SA904 Notes - Foreign income

- There are important changes to the way some types of foreign dividends are treated with effect from 22 April 2009 - see page TFN4 for advice for customers who receive dividends from foreign companies that have substantial investments in interest-bearing assets.
- There are changes to the dividends from foreign companies that qualify for the UK tax credit with effect from 22 April 2009 - see page TFN5.
- The notes relating to disposals of interests in offshore funds have been updated and contain details of where to find further information in HMRC guidance - see page TFN6.

SA906 Residence

- **Boxes 6.17 and 6.18** – these boxes have been removed. They relate to trustees' residence tests prior to 6 April 2007.

SA907 Charities

- Charities are not automatically exempt from tax and must complete a return when asked to do so. However, the charitable tax exemptions available generally mean that a charity does not pay tax - but those exemptions have to be claimed. As well as the SA900 return, a charity **must** complete form SA907 to claim any tax exemption to which it is entitled.

SA923 Estate pension charges

- **Box 23.5A** - this is a new box to accommodate refunds of tax contributions that may be received from overseas pension schemes that benefit from UK tax relief – see page EPCN2.

SA950 Tax Return Guide

- Where a trust sells or transfers the right to income without disposing of the asset from which the income arises, new rules apply from 22 April 2009 to tax the consideration receivable as income – see pages 12 and 15 for further details.
- Investors who hold shares in investment trusts should check the voucher provided to them by their trust as, from 1 September 2009, investment trusts have been able to make two types of distribution. In addition to dividend distributions, which should be returned as UK dividends, investment trusts may also make 'streamed' distributions of interest received by the trust. These distributions are known as interest distributions – see page 14 for details of how this type of income should be returned.
- The notes relating to disposals of interests in offshore funds have been updated and contain details of where to find further information in HMRC guidance – see page 20.
- There are slight changes to the notes on trust management expenses, to reflect the outcome of the Peter Clay case, and to clarify the order of set-off and interaction with the standard rate band – see pages 31-32.

... and finally

- Payment on account threshold. If your liability is under £1,000 in 2009-10 you will not have to make payments on account on 31 January and 31 July 2011 towards your 2010-11 liability, but will instead make a single payment on 31 January 2012.

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