



Income Tax Act 2007

2007 CHAPTER 3

PART 9

SPECIAL RULES ABOUT SETTLEMENTS AND TRUSTEES

CHAPTER 6

TRUSTEES' FIRST SLICE OF TRUST RATE INCOME

491 Special rates not to apply to first slice of trustees' trust rate income

- (1) If the trust rate income for a tax year of the trustees of a settlement is £1,000 or less, income tax is not charged on it at the dividend trust rate or at the trust rate.
- (2) If the trustees' trust rate income is more than £1,000, income tax is not charged on the first £1,000 of it at the dividend trust rate or at the trust rate.
- (3) Instead, income tax is charged on the trustees' trust rate income or the first £1,000 of it (as the case may be) at the rate or rates which would apply apart from Chapter 3 (see Chapter 2 of Part 2).
- (4) For the purposes of subsection (2) apply the following rules in determining the type or types of income that make up the first £1,000 of the trustees' trust rate income.

Rule 1

If the trustees' trust rate income includes amounts on which income tax would be charged at the basic rate apart from Chapter 3, treat those amounts as the lowest part of the trust rate income.

Rule 2

If the trustees' trust rate income includes amounts on which income tax would be charged at the dividend ordinary rate apart from Chapter 3, treat those amounts as the highest part of the trust rate income.

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- (5) For the purposes of this section gains chargeable under Chapter 9 of Part 4 of ITTOIA 2005 (gains from contracts for life assurance etc) are treated as if they were savings income.
- (6) Amounts on which income tax is not to be charged at the dividend trust rate or at the trust rate as a result of Chapter 4 are excluded from the trustees' trust rate income for the purposes of this section.

492 Cases where settlor has made more than one settlement

- (1) The application of section 491 in relation to the trustees of a settlement (“the relevant settlement”) for a tax year is modified in accordance with subsection (2) if the settlor in relation to the relevant settlement has made one or more other current settlements.
- (2) References to £1,000 are to be read as references to—
 - (a) £200, or
 - (b) if greater, the settlor's threshold amount.
- (3) The settlor's threshold amount is the amount calculated by dividing £1,000 by the number of current settlements (including the relevant settlement) made by the settlor.
- (4) If there is more than one settlor in relation to the relevant settlement—
 - (a) calculate the threshold amount of each of them, and
 - (b) use the lowest of those threshold amounts for the purposes of subsection (2)
 - (b).
- (5) A settlement is current if it is in existence at a time during the tax year.

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Changes and effects yet to be applied to :

- Pt. 9 Ch. 6 omitted by [2023 c. 30 Sch. 2 para. 13\(2\)](#)

Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 24B inserted by [2023 c. 30 Sch. 2 para. 10\(3\)](#)
- s. 788(7) inserted by [2007 c. 29 Sch. 21 para. 161\(b\)](#) (The amending provision was repealed before coming into force.)