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*Changes to legislation: There are currently no known outstanding effects for the Finance (No. 2) Act 2023, Paragraph 11. (See end of Document for details)*

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## SCHEDULES

### SCHEDULE 2

#### ESTATES IN ADMINISTRATION AND TRUSTS

#### PART 2

#### LOW INCOME TRUSTS AND ESTATES

#### CHAPTER 1

#### INCOME TAX

##### *Low income estates: tax liability of beneficiaries*

- 11 (1) Chapter 6 of Part 5 of ITTOIA 2005 (beneficiaries' income from estates in administration) is amended as follows.
- (2) In section 649 (charge to tax on estate income), after subsection (1) insert—
- “(1A) But income tax is not charged on estate income so far as that income consists of a basic amount which section 679 treats as having been paid from de minimis aggregate income.
- (1B) In [subsection \(1A\)](#), “de minimis aggregate income” means aggregate income of an estate which is treated as bearing income tax at 0% because of [section 680\(1A\)](#).”
- (3) In section 656 (income charged: UK estates), in subsection (1), for “tax is charged under section 649” substitute “the charge to tax under section 649 is a charge”.
- (4) In section 657 (income charged: foreign estates), in subsection (1), for “tax is charged under section 649” substitute “the charge to tax under section 649 is a charge”.
- (5) In section 679 (income from which basic amounts are treated as paid)—
- (a) in subsection (3) (as amended by [paragraph 5\(a\)](#)), at the end insert “(subject to [subsection \(3A\)](#))”;
- (b) after that subsection insert—
- “(3A) For the purposes of assumption B, where those parts include—
- (a) income bearing income tax at 0% by virtue of [section 680\(1A\)](#), and
- (b) other income bearing income tax at 0%,
- payments are to be made from income within [paragraph \(a\)](#) after income within [paragraph \(b\)](#).”

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- (6) In section 679A (income from which sums within section 668(1)(b) are treated as paid) (inserted by [paragraph 2\(3\)](#))—
- (a) in subsection (3), at the end insert “(subject to [subsection \(3A\)](#))”;
  - (b) after that subsection insert—
    - “(3A) For the purposes of assumption B, where that income includes—
      - (a) income bearing income tax at 0% by virtue of section 680(1A), and
      - (b) other income bearing income tax at 0%,sums are to be paid from income within [paragraph \(a\)](#) after income within [paragraph \(b\)](#).”
- (7) In section 680 (income treated as bearing income tax)—
- (a) after subsection (1) insert—
    - “(1A) If, in the case of a UK estate, the aggregate income of the estate for a tax year is equal to or less than the de minimis estates amount (within the meaning of [section 24B](#) of ITA 2007), the aggregate income of the estate for that tax year is treated as bearing income tax at 0%.”;
  - (b) for subsection (2) substitute—
    - “(2) If—
      - (a) [subsection \(1A\)](#) does not apply to treat the aggregate income of the estate for a tax year as bearing income tax at 0%, and
      - (b) the aggregate income of the estate for that tax year includes a sum within subsection [\(2A\)](#) or (4),the sum is treated as bearing income tax at the rate specified for it in that subsection.”;
  - (c) in subsection (5), after “sums within this section” insert “or from aggregate income treated as bearing income tax at 0% by virtue of [subsection \(1A\)](#)”.

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