



# Corporation Tax Act 2009

## 2009 CHAPTER 4

### PART 10

#### MISCELLANEOUS INCOME

### CHAPTER 3

#### BENEFICIARIES' INCOME FROM ESTATES IN ADMINISTRATION

##### *Basic amount of estate income: general calculations rules*

#### **943 Absolute interests**

- (1) The basic amount of estate income relating to a company's absolute interest in the whole or part of the residue of an estate for an accounting period before the final accounting period is the lower of—
  - (a) the total of all sums paid in the accounting period in respect of that interest, and
  - (b) the amount of the company's assumed income entitlement for the accounting period in respect of it.
- (2) The basic amount for the final accounting period is equal to the amount of the company's assumed income entitlement for that accounting period in respect of that interest.
- (3) But if the residuary income of the estate for the final tax year is nil because the allowable estate deductions exceed the aggregate income of the estate, the basic amount for the final accounting period is reduced—
  - (a) where the company has an absolute interest in the whole of the residue of the estate, by an amount equal to the excess, and
  - (b) in any other case, by an amount equal to such part of the excess as is just and reasonable.

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- (4) See sections 948 to 952 for the meaning of references to assumed income entitlement and residuary income of an estate.
- (5) See sections 947 and 949(2) for the meaning of aggregate income of an estate and allowable estate deductions respectively.
- (6) This section is subject to sections 953 to 956 (successive interests).

#### 944 Limited interests

- (1) The basic amount of estate income relating to a company's limited interest in the whole or part of the residue of an estate for an accounting period is the total of the sums within section 939(2)(b), (3)(c) and (4)(c) for that period.
- (2) This does not apply, and section 958 applies instead, if the limited interest is one to which section 957 (successive interests: holders of limited interests) applies.

#### 945 Discretionary interests

The basic amount of estate income relating to a company's discretionary interest in the whole or part of the residue of an estate for an accounting period is the total of the payments made in the accounting period in exercise of the discretion in favour of the company.

#### [<sup>F1</sup>946 Applicable rate for grossing up basic amounts of estate income

- (1) The applicable rate by reference to which a basic amount of estate income is grossed up for the purposes of sections 941 and 942 depends on the rate at which income tax was borne by the parts of the aggregate income of the estate from which section 962 treats the basic amount as having been paid.
- (2) If the same rate was borne by all of the income from which section 962 treats the basic amount as having been paid, the applicable rate is that rate.
- (3) If different rates were borne by different parts of the income from which section 962 treats the basic amount as having been paid, each of those rates is the applicable rate by reference to which the corresponding part of the basic amount is grossed up.]

#### Textual Amendments

- F1** S. 946 substituted (with effect in relation to accounting periods beginning on or after 1.4.2023) by [Finance \(No. 2\) Act 2023 \(c. 30\), Sch. 2 paras. 6\(4\), 14\(2\)\(b\)](#)

#### 947 Aggregate income of the estate

- (1) For the purposes of this Chapter the aggregate income of the estate for a tax year is the total of the income and amounts specified in subsection (2), but excluding the income specified in subsection (5).
- (2) The income and amounts are—
  - (a) the income of the deceased's personal representatives in that capacity which is charged to United Kingdom income tax for the tax year,

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- (b) the income of the deceased's personal representatives in that capacity on which such tax would have been charged for the tax year if—
    - (i) it was income of a UK resident <sup>F2</sup>..., and
    - (ii) it was income from a source in the United Kingdom,
  - (c) any amount of income treated as arising to the personal representatives under section 410(4) (stock dividends) of ITTOIA that would be charged to income tax under Chapter 5 of Part 4 of that Act if income arising to personal representatives were so charged (see section 411 of that Act),
  - (d) in a case where section 419(2) of ITTOIA applies (release of loans to participator in close company: loans and advances to persons who die), the amount that would be charged to income tax under Chapter 6 of Part 4 of that Act apart from that section, and
  - (e) any amount that would have been treated as income of the personal representatives in that capacity under section 466 of ITTOIA if the condition in section 466(2) had been met (gains from contracts for life insurance).
- (3) In calculating the amount of the income within subsection (2)(a), any allowable deductions are to be taken into account.
- (4) In calculating the amount of the income within subsection (2)(b), any deductions which would be allowable if the income had been charged to United Kingdom income tax are to be deducted from the full amount of the income actually arising in the tax year.
- (5) The excluded income is—
- (a) income to which any person is or may become entitled under a specific disposition, and
  - (b) income from property devolving on the personal representatives otherwise than as assets for payment of the deceased's debts.
- (6) In subsection (5)(a) “specific disposition” means a gift of specific property under a will, including—
- (a) the disposition of personal chattels by section 46 of the Administration of Estates Act 1925 (c. 23) (succession on intestacy), and
  - (b) any disposition which under the law of another country has a similar effect to a gift of specific property by will under the law of England and Wales,
- but excluding real property included in a residuary gift made by will by a specific or general description of it or, in Scotland, heritable estate included in such a gift.

#### Textual Amendments

- F2** Words in s. 947(2)(b)(i) omitted (with application in accordance with Sch. 46 para. 140(2) of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 46 para. 140\(1\)](#)

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

- Blanket amendment words substituted by [S.I. 2011/1043 art. 34](#)

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

- s. 322(2A)(zb) inserted by [2016 c. 24 s. 73\(5\)](#)
- s. 934(1A)(1B) inserted by [2023 c. 30 Sch. 2 para. 12\(2\)](#)
- s. 962(3A) inserted by [2023 c. 30 Sch. 2 para. 12\(5\)\(b\)](#)
- s. 962A(3A) inserted by [2023 c. 30 Sch. 2 para. 12\(6\)\(b\)](#)
- s. 963(1A) inserted by [2023 c. 30 Sch. 2 para. 12\(7\)\(a\)](#)
- s. 1058B(5)(ea) inserted by [2023 c. 20 Sch. para. 57](#)
- s. 1094(2A)-(2C) inserted by [2012 c. 14 Sch. 3 para. 13\(3\)](#)
- s. 1106(4A)-(4C) inserted by [2012 c. 14 Sch. 3 para. 14\(3\)](#)
- s. 1138A applied by [S.I. 2024/348 reg. 3](#)