



Income Tax Act 2007

2007 CHAPTER 3

PART 9

SPECIAL RULES ABOUT SETTLEMENTS AND TRUSTEES

CHAPTER 7

DISCRETIONARY PAYMENTS

494 Grossing up of discretionary payment and payment of income tax

- (1) The discretionary payment is treated as if it were made after the deduction of a sum representing income tax at the trust rate on the grossed up amount of the discretionary payment.
- (2) The grossed up amount of the discretionary payment is the actual amount of the discretionary payment grossed up by reference to the trust rate.
- (3) The person mentioned in subsection (4) is treated as having paid income tax of an amount equal to the sum deducted as mentioned in subsection (1).
- (4) That person is—
 - (a) if condition A in section 493 is met, the beneficiary, and
 - (b) if condition B in section 493 is met, the settlor.