



Income Tax Act 2007

2007 CHAPTER 3

PART 9

SPECIAL RULES ABOUT SETTLEMENTS AND TRUSTEES

CHAPTER 8

TRUSTEES' EXPENSES AND BENEFICIARY'S INCOME

500 Restrictions on use of trustees' expenses to reduce the beneficiary's income

- (1) Expenses of the trustees can be used to reduce the beneficiary's income for income tax purposes only so far as—
 - (a) the expenses are incurred by the trustees in the current tax year or in an earlier tax year, and
 - (b) as a result of the expenses being chargeable to income as mentioned in subsection (2) or (3), the beneficiary's entitlement to the beneficiary's income is reduced by reference to the expenses.
- (2) Expenses are chargeable to income for the purposes of subsection (1)(b) if they are chargeable to income by the trustees under a term of the settlement (subject to any overriding law which prevents the expenses from being so chargeable).
- (3) Expenses are also chargeable to income for the purposes of subsection (1)(b) if they—
 - (a) are not chargeable to income by the trustees under a term of the settlement, but
 - (b) are chargeable to income by the trustees in accordance with any law (subject to any overriding term of the settlement which prevents the expenses from being so chargeable).
- (4) Expenses cannot be used to reduce the beneficiary's income for income tax purposes so far as they are expenses which have fallen, or may fall, to be taken into account for the purpose of calculating the trustees' liability to income tax for any tax year.