


## ***How to fill in your Tax Return***

 ***This Guide has step by step instructions to help you fill in your Tax Return.***

***The notes are numbered to match the boxes in your Tax Return.***

***We hope we can answer most of your questions here. If you need more help, please telephone your Inland Revenue office or the Helpline on 0845 9000 444.***

***Contact the Orderline on 0845 9000 404 (fax 0845 9000 604) if you want any of the supplementary Pages, leaflets or Help Sheets mentioned in this Guide (see page 2).***

***Or you can go to our website <http://www.inlandrevenue.gov.uk>***



**Y**our Tax Return asks for details of your income and capital gains. With it I have sent two guides; this one to help you fill in your Tax Return, and another to help you work out your tax bill (if you want to).

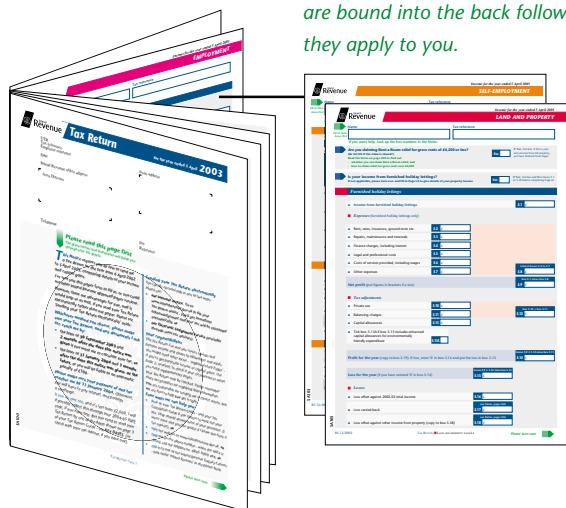
Everybody gets the first 10 pages of the Tax Return. There are other, 'supplementary', Pages for some types of income and gains. For example, there are Pages for employment income, self-employment income and capital gains. From the information I already have about you I will have included any Pages, if I think you need them, after page 10 of your Tax Return.

But it is your responsibility, whether or not there are supplementary Pages after page 10, to make sure you complete the right ones.

Ignore any I may have sent you that do not apply.

You must send the ones you need to complete back to me on time with the rest of your Tax Return. Otherwise you will be liable to an initial automatic penalty of £100, and further penalties for continued delay.

*Supplementary Pages for some types of income are bound into the back following page 10 if they apply to you.*



*Supplementary Pages are illustrated on pages 6 and 7 of this Guide.*

**First**, fill in page 2 of your Tax Return. This tells you which supplementary Pages you must fill in. Pages 6 and 7 of this Guide will help.

**Next**, if you need any supplementary Pages or any of the leaflets or Help Sheets mentioned in this Guide, phone the Orderline or go to our website <http://www.inlandrevenue.gov.uk>

If you ask me to calculate your tax make sure your completed Tax Return reaches me by 30 September 2003.

If I receive your Return after 30 September and you haven't worked out your tax I will do it for you but I can't guarantee to tell you what to pay by 31 January 2004.

So if you don't know what to pay, make an estimate and pay that. If you don't pay enough, you will have to pay interest, as well, and you may have to pay a surcharge.

Consider using our Internet service for Self Assessment. There are advantages for you, you'll get instant acknowledgement and your tax will be calculated immediately, and it would help us as well.

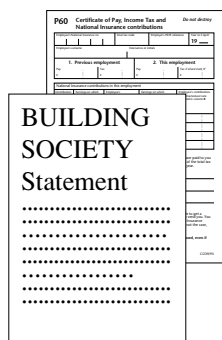
If you miss the 30 September deadline you must make sure your Tax Return reaches me by 31 January 2004 or you will be liable to an automatic penalty of £100. You must also make sure payment of any tax reaches me by 31 January 2004 otherwise you will have to pay interest, and perhaps a surcharge.

**Do not delay doing your Tax Return.** You do not have to wait for the deadline shown on the front of the Tax Return. If you tackle it earlier you will have more time to get help if you need it. Sending it earlier does not mean you have to pay tax any sooner.

If you are not sure what to do, please ask for help before you start to fill in your Tax Return.

*Orderline is open every day (except Christmas Day, Boxing Day and New Year's Day) on 0845 9000 404. Calls are charged at the local rate. You can also order by fax on 0845 9000 604, or by e-mail (saorderline.ir@gt.net.gov.uk), or in writing to PO Box 37, St Austell, PL25 5YN. If you live or work abroad, order using the International Access code followed by 44870 1555664 (fax 44870 1555778). Visit our website for the Internet service at <http://www.inlandrevenue.gov.uk>*

## WHAT NEXT



Gather together information about your financial circumstances for 2002-03. For example, if you are an employee you will need your P60 or payslips and information provided by your employer if you have any benefits. Also, you will need any building society statements, dividend vouchers and other financial records. Do not send these with your Tax Return; keep them safe.

You are now ready to fill in your Tax Return. Pages 4 and 5 of this Guide tell you what to do, and the rest of the Guide will help you fill in the boxes. If you need more help ask your Inland Revenue office or tax adviser. If you have a disability that makes filling in the Return difficult we will be able to help you complete the form. Please contact your Inland Revenue office, or Enquiry Centre, to talk about this.

If, after sending me your Tax Return, you find that you have made a mistake or, any details have changed, then let me know at once. You must provide final figures to replace any provisional amounts as soon as you can. You will only be penalised if your Tax Return is incorrect through fraud or negligence or if there is unreasonable delay in providing corrected figures once they are known to you. The penalties can be up to 100% of the difference between the correct tax due and the amount that would have been due on the figures you returned. You could also be prosecuted.

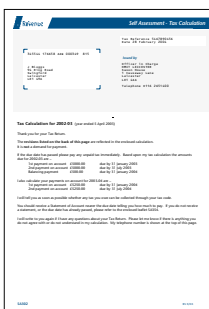
*When the Inland Revenue office is closed, phone the Helpline on 0845 9000 444 for general advice (a text phone service is available on this number). It is open every day (except Christmas Day, Boxing Day and New Year's Day). Calls are charged at the local rate.*

*If you want to call from abroad use the International Access code followed by 44870 1555445*

*You are responsible for the accuracy of your Tax Return.*

*If we cannot agree with the information you provide, or we differ on a point of law, you have right of access to an independent tribunal, the Appeal Commissioners. Leaflet IR37: Appeals against Tax, National Insurance contributions, Statutory Sick Pay and Statutory Maternity Pay, available from the Orderline, tells you about this process.*

## WHAT THE INLAND REVENUE DOES



When I get your completed Tax Return I will process it using your figures, to work out how much you owe, or how much we owe you. If I see any obvious mistakes - for example in the arithmetic - I may put them right and tell you what I have done. If I'm not sure about a figure you've entered on your Return, I may want to contact you to make sure I've understood what you meant. It would be helpful if you enter your daytime telephone number in box 22.1. When I process your Return I shall only be looking at the Return and documents I have requested.

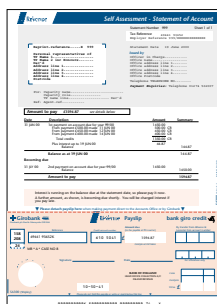
I will send you my calculation of your tax if you have asked us to do it for you. If you have worked out your tax, I will let you know if it is wrong.

Later, I will send you a statement of your account with us. This will explain how to pay any tax due - see the notes on page 35 of this Guide.

Once I have processed your Tax Return it may be checked. I have until 31 January 2005 to do this (later if you send your Tax Return late). I may make enquiries about your figures and ask you to send me the records from which you took them. I may also check your figures against any details received from other sources, such as your employer or bank.

*In its dealings with you, the Inland Revenue is governed by the service commitment set out on page 36 of this Guide. Page 36 also explains how to complain if you are dissatisfied with the way the Inland Revenue handles your tax affairs.*

*Read page 35 of this Guide if your Tax Return was delivered to you after 31 July 2003.*



## KEY DATES

### April 2003

**You receive your Tax Return:**

- check to see you have all the right Pages
- find your records
- fill in your Return.

If you go to [www.inlandrevenue.gov.uk](http://www.inlandrevenue.gov.uk) you can file your Tax Return online

- you'll get an immediate acknowledgment and
- your tax will be automatically calculated.

### 30 September 2003

**If you fill in a paper Tax Return, you must get it to me by this date if you want me to**

- calculate your tax
- tell you what to pay by 31 January 2004
- collect tax through your tax code, if possible, where you owe less than £2,000. (If we receive your paper Tax Return after 30 September and process this by 30 December, we will still try to collect tax through your tax code.)

### 30 December 2003

**If you send your Tax Return over the internet you must get it to me by this date if you want me to**

- collect tax through your tax code, if possible, where you owe less than £2,000.

### 31 January 2004

**Whichever method you use to file your Return, this date is important if you want to avoid automatic penalties and interest. You must**

- make sure I have received your completed Tax Return
- pay the balance of any tax you owe (unless it is to be collected through your tax code)
- pay your first payment on account for the 2003-04 tax year, if appropriate.

Answer all the questions. If you tick 'Yes', fill in the Pages and boxes that apply to you. If the question is not applicable, go to the next question.

- Write clearly using blue or black ink and only in the spaces provided.
- Use numbers only, when you are asked for amounts.
- Please do not include pence. Round down your income and gains, to the nearest pound, for example, if your National Savings & Investments interest is £3,500.87, enter £3,500 in box 10.8. Round up your tax credits and tax deductions. Round all the boxes, not just totals boxes. So if you are filling in boxes 10.12 to 10.14, round down boxes 10.12 and 10.14, and round up box 10.13. (This may mean that box 10.14 doesn't exactly equal box 10.12 plus box 10.13.)
- Do not delay sending your Tax Return just because you do not have all the information you need - see the notes for box 23.2 on pages 32 and 33 of this Guide.

Gross amount before tax

10.7 £ 3500

10.7. They go in

- National Savings & Investments

box 10.8 Enter

- Ordinary Account

If you need help, look up the question or box number in the Notes. The first part of each number shows which Question it relates to, for example, box 10.8 is the eighth box of Question 10.

You may find that in some parts of the Tax Return you are asked to put a loss in brackets. If you are asked to **add** a number to a loss, you should deduct one from the other (for example  $60 + (40) = 20$ ).

### Step 1

Answer Questions Q1 to Q9 on page 2 of your Tax Return

For more information, see the notes to the Employment section, box 1.6.

YES ☒

INCOME AND CAPITAL GAINS for the year ended 5 April 2015

1. Are you a UK resident for tax purposes? ☒ YES ☐ NO

2. Are you a UK domiciled individual? ☒ YES ☐ NO

3. Are you a UK resident for tax purposes and a UK domiciled individual? ☒ YES ☐ NO

4. Are you a UK resident for tax purposes and a non-UK domiciled individual? ☐ YES ☒ NO

5. Are you a non-UK resident for tax purposes and a UK domiciled individual? ☐ YES ☒ NO

6. Are you a non-UK resident for tax purposes and a non-UK domiciled individual? ☐ YES ☒ NO

7. Are you a UK resident for tax purposes and a UK domiciled individual? ☒ YES ☐ NO

8. Are you a UK resident for tax purposes and a non-UK domiciled individual? ☐ YES ☒ NO

9. Are you a non-UK resident for tax purposes and a UK domiciled individual? ☐ YES ☒ NO

10. Are you a non-UK resident for tax purposes and a non-UK domiciled individual? ☐ YES ☒ NO

Page 2 of the Tax Return

If you tick the 'Yes' box:

- check you have the right supplementary Pages following page 10 of your Tax Return
- phone the Orderline for any supplementary Pages you need, or photocopy the ones you have if you need extra copies.

Then tick the second box

YES ☒

EMPLOYMENT ☒

OTHER INFORMATION for the year ended 5 April 2015, continued

1. Are you a UK resident for tax purposes? ☒ YES ☐ NO

2. Are you a UK domiciled individual? ☒ YES ☐ NO

3. Are you a UK resident for tax purposes and a UK domiciled individual? ☒ YES ☐ NO

4. Are you a UK resident for tax purposes and a non-UK domiciled individual? ☐ YES ☒ NO

5. Are you a non-UK resident for tax purposes and a UK domiciled individual? ☐ YES ☒ NO

6. Are you a non-UK resident for tax purposes and a non-UK domiciled individual? ☐ YES ☒ NO

7. Are you a UK resident for tax purposes and a UK domiciled individual? ☒ YES ☐ NO

8. Are you a UK resident for tax purposes and a non-UK domiciled individual? ☐ YES ☒ NO

9. Are you a non-UK resident for tax purposes and a UK domiciled individual? ☐ YES ☒ NO

10. Are you a non-UK resident for tax purposes and a non-UK domiciled individual? ☐ YES ☒ NO

Page 10 of the Tax Return and Page E1 of the Employment Pages

Step 2

Fill in the supplementary Pages that apply to you.

If I have sent you any that do not apply, leave them blank.

If you use photocopies, please write your name and tax reference on each copy.

Example of filling in boxes 1.8 to 1.11 on Page E1 of the supplementary Employment Pages

Enter your employment income from your P60 in box 1.8. Enter the tax deducted in box 1.11.

If you want to calculate your tax, you will have to include these figures in the calculation. The Tax Calculation Guide I have sent you will help you work it out.

Step 3

Fill in pages 3 to 10 of your Tax Return

Example of filling in page 3 of the Tax Return

Enter in these boxes the total of your bank, building society interest etc. which has had tax deducted. If you want to work out your tax, include the relevant figures in your calculation. The Tax Calculation Guide I have sent you tells you what to do.

If you received income from UK savings and investments tick the 'Yes' box and fill in boxes 10.1 to 10.26, as appropriate.

Fill in Question 18 if you have worked out your tax bill.

Finally, sign and date the Declaration and send your completed Tax Return back to me. Do not include your financial records. Keep them safe.

WHAT IS IN THE REST OF YOUR TAX RETURN GUIDE

Pages 6 and 7 will help you fill in page 2 of your Tax Return.

Pages 8 to 33 give you box by box guidance to help you fill in pages 3 to 10 of your Tax Return.

You can use page 34 to add up any figures to be included in your Tax Return.

Page 35 includes information about paying your tax.

Notes at the back of this Guide, following page 36, will help you complete any supplementary Pages I've included in your Tax Return.



# What makes up your Tax Return

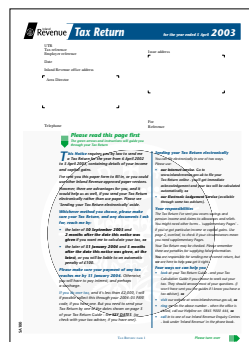
## TAX RETURN

Everybody must fill in pages 2 to 10 of the Tax Return.

You may also have to fill in supplementary Pages to give details about some types of income and gains.

I have included any supplementary Pages I think you need after page 10 of your Tax Return. Notes to help you complete them are at the back of this Guide. You must make sure you have the right Pages. Ask the Orderline for any you need, along with their Notes.

Answer the Questions on page 2 of your Tax Return to find out. These notes will help.



## EMPLOYMENT

### Q1

Fill in the Employment Pages if you were:

- employed (on a full-time, part-time or casual basis), or
- an office-holder (this includes people holding a position such as chair, treasurer or secretary of an organisation), or
- a director, or
- an agency worker, or
- using a partnership or company as an intermediary in circumstances where you would otherwise have been treated as an employee of another business, or
- receiving payments or benefits from a former employer (excluding a pension).

There are separate Pages for Ministers of Religion.

If, in consequence of your residence or domicile status, you are not liable to UK Income Tax on your employment earnings you may not need to complete the Employment Pages. Please read Note 2 on page NRN8 of the Notes to the Non-residence etc. Pages.

If you were a non-resident director of a UK company but received no remuneration, see the notes to the Employment Pages, page EN3, box 1.6.

## SHARE SCHEMES

### Q2

Fill in the Share Schemes Pages if you have:

- been granted a share option, or exercised a share option, in connection with your employment (but not under an Inland Revenue approved share option scheme), or
  - exercised a share option under an Inland Revenue approved share option scheme, but the conditions for tax relief were not satisfied, or
  - exercised an Enterprise Management Incentive (EMI) share option, but a charge to tax arises, or
  - shares which cease to be subject to an Inland Revenue approved share incentive plan, but the conditions for tax relief were not satisfied, or
  - received something for giving up, or for not exercising, a share option, or
  - acquired shares in connection with your employment (but not under an Inland Revenue approved profit sharing scheme), or
  - acquired shares by reason of your employment and subsequently
    - received 'special benefits' by virtue of those shares, or
    - restrictions have been removed from those shares, or
    - (for shares in certain subsidiaries) have sold them, or have held them for seven years, or
    - acquired shares on or after 17 March 1998 by reason of your employment and subsequently
      - any risk of forfeiture of the shares is lifted or expires, or
      - those shares have been converted to another class of shares.
  - received taxable share income and your employer has not operated PAYE on the income or you are not satisfied that PAYE has been operated on the full amount of the taxable share income.
- Do not** fill in these Pages if you are satisfied your employer has operated PAYE on the full amount of your taxable share income.

## SELF-EMPLOYMENT

### Q3

Fill in the Self-employment Pages if you carried on a trade, profession, or vocation as a self-employed person.

If you traded with someone else, in partnership, fill in the Partnership Pages instead. (If this applies to you, tick the 'Yes' box in Question 4.)

There are separate Pages for the special circumstances of Lloyd's Underwriters.

## PARTNERSHIP

### Q4

Fill in the Partnership Pages to give details of your share of income if you carried on a trade, profession, vocation or other business, in partnership.

There is a 'short' and a 'full' version of these Pages.

You can use the 'short' version if your only partnership income was a share of trading or professional income, or interest with tax deducted from banks, building societies or deposit takers. You will have received a 'short' Partnership Statement from the Partnership. Use it to fill in these Pages.

If you have any other partnership income, ask for the 'full' Partnership Pages and fill in those instead.

## Q5

Fill in the Land and Property Pages if you received income from UK land and property including:

- furnished holiday lettings
- furnished accommodation in your only or main home, **unless** you provided services such as meals, and your activities amount to a trade, in which case fill in the Self-employment Pages instead.

## Q6

Fill in the Foreign Pages if you received in 2002-03:

- any overseas pensions or benefits, **or**
- income from foreign companies, or savings institutions, **or**
- income from offshore funds or trusts abroad, **or**
- income from land and property abroad, **or**
- any royalty income from overseas.

Or if you want to claim relief for foreign tax on this or other foreign income or gains.

Answer 'Yes' to Question 6 if you received a benefit from a United Kingdom trust that either has been, or has received income from, an overseas trust.

#### Transfers of assets

Fill in boxes 6.3, 6.3A, 6.4, 6.4A or 6.5 if you received, or could have received, income or a benefit from a foreign entity as a result of a transfer of assets which was made in this or previous years and which caused income to become payable to that foreign entity. Before doing so, read the notes on income received by overseas trusts, companies or other entities, or benefit received from them, on Notes pages FN10 and FN11. If you are not domiciled in the UK see also Notes on Non-residence page NRN10 before answering the second part of Question 6. If there was no purpose to avoid tax in effecting the transfer of assets, answer 'Yes' to Question 6 but tick box 6.5A on Page F2.

Income may include a gain on a life insurance policy, life annuity or capital redemption policy.

A foreign entity is any legal person established and recognised under the law of a territory in which it is situated or resident, or any body corporate which was incorporated outside the United Kingdom.

## Q7

Fill in the Trusts etc. Pages if you:

- were a beneficiary of a trust or settlement, **or**
- were a settlor of a trust or settlement whose income is deemed to be yours, **or**
- had income from the estate of a deceased person.

But if you are the beneficiary of a bare trust do not include income from it on the Trusts etc. Pages. Put it in the pages of your Tax Return that deal with the type of income concerned. If you are unsure whether you should complete these Pages for a trust or settlement, please ask the Orderline for *Help Sheet IR270: Trusts and settlements - income treated as the settlor's*.

For income from the estate of a deceased person you do not need to complete the Trusts etc. Pages if:

- what you were entitled to was a legacy consisting of a fixed sum of money or a specific asset,
- your legacy was paid with interest. In this case enter the interest in box 10.14 on page 3 of your Return
- your legacy consisted of an income-bearing asset. In this case enter the income in boxes on your Return for the type of income concerned. For instance, if your legacy consisted of a property and you received rents from that property answer Question 5 on page 2 of your Return.

Please read page TN2 of the Notes on Trusts before completing the Trusts etc. Pages.

## Q8

Fill in the Capital Gains Pages if:

- you disposed of chargeable assets in the year to 5 April 2003 worth more than £15,400 **or**
- your total chargeable gains were more than £7,700 **or**
- you want to claim an allowable capital loss, or make any other Capital Gains claim or election for the year.

In working out **if the assets you disposed of were worth more than £15,400** if you gave an asset away or sold it for less than its full value, you should use its value rather than any sum you received. Include all assets disposed of wherever in the world they are situated. If you are not domiciled in the UK and are chargeable on the remittance basis (see Question 9), you should include the proceeds from any overseas asset disposed of in the year or an earlier year to the extent that these have been remitted to the UK during the year.

Exclude any exempt assets such as cars, and also your home if the whole gain from its disposal is exempt. It will be exempt if it has been your only residence throughout the period you owned it (ignoring the last three years) and the area of its garden and grounds sold with it did not exceed half a hectare. You may also be entitled to relief in other circumstances. Ask the Orderline for *Help Sheet IR283: Private Residence Relief*.

In working out **if your total chargeable gains were more than £7,700** you should include gains from all but exempt assets, including gains attributed to you, for example, because you are the settlor or beneficiary of a trust. But if you are not domiciled in the UK and have gains chargeable on the remittance basis (see Question 9) include in respect of any such gains accruing in this or an earlier year only amounts remitted to the UK. If you have to fill in the Capital Gains Pages you must include all your allowable losses for the year. If you do not have to fill them in, you can still complete them **if you want to claim a capital loss**. If you do not do this you have to claim any losses arising in the year by 31 January 2009 if you want to set them against future gains. **If you want to make any other claim or election** for the year you should also do this by completing the Capital Gains Pages.

## Q9

Make sure you fill in the Non-residence etc.

Pages first if, in the period 6 April 2002 to 5 April 2003, you consider yourself to be any of the following:

- not resident in the UK
- not ordinarily resident in the UK
- entitled to 'split-year treatment' - if you are resident for one part of the year, and not resident for the other
- not domiciled in the UK, and it is relevant to your Income Tax or Capital Gains Tax liabilities
- resident in the UK while also resident in a country with which the UK has a Double Taxation Agreement - there is a list of agreements in the Notes for the Foreign Pages.

The Notes for Non-residence etc. Pages include relevant contact telephone numbers for certain groups with their own rules, for example, foreign entertainers and sports persons.

If you live or work abroad, you can contact the Helpline on:

International Access code followed by 44870 1555445

and the Orderline on:

International Access code followed by 44870 1555664 (fax 44870 1555778)

### **Q10** Did you receive any income from UK savings and investments?

**If not applicable, go to Question 11.**

Check the following lists to see whether the income should be entered in boxes 10.1 to 10.26.

#### **Exclude:**

- Premium Bond, National Lottery and gambling prizes
- interest, dividends and bonuses from a Tax Exempt Special Savings Account (TESSA) unless your TESSA closed before the five years were up - for details ask the Orderline for our leaflet *IR2008: ISAs, PEPs and TESSAs*
- interest, dividends and bonuses from an Individual Savings Account (ISA) - for details ask the Orderline for leaflet *IR2008: ISAs, PEPs and TESSAs*
- dividends and other income from a Personal Equity Plan (PEP), or interest paid on cash held in a PEP unless you withdrew more than £180 interest - for details ask the Orderline for leaflet *IR2008: ISAs, PEPs and TESSAs*
- interest and terminal bonuses under Save As You Earn schemes
- the first £70 of interest from a National Savings & Investments Ordinary Account
- accumulated interest on National Savings Certificates, including index-linked certificates
- interest on National Savings & Investments Children's Bonus Bonds
- interest on Ulster Savings Certificates (if you normally live in Northern Ireland and lived there when you bought the certificates or when they were repaid)
- interest awarded by a UK court as part of an award of damages for personal injury or death. If the interest is awarded by a foreign court, ask your Inland Revenue office about Extra Statutory Concession A30
- dividends on ordinary shares in a Venture Capital Trust where the shares are within the limit of £100,000 acquired per tax year - for details ask the Orderline for leaflet *IR169: Venture Capital Trusts (VCTs), A brief guide*
- adoption allowances paid under the provisions of the Adoption Allowance Regulations 1991 or schemes approved by the Secretary of State for Scotland under Section 51 Adoption (Scotland) Act 1988
- if you are a trustee, untaxed interest paid direct by the payer, acting through your authority, to beneficiaries who are entitled under trust to income as it arises.

#### **Include:**

- interest from UK banks, building societies or deposit takers, and from UK Internet accounts, including any interest on current accounts
- interest distributions from UK authorised unit trusts or UK open-ended investment companies
- interest from National Savings & Investments First Option Bonds and Fixed Rate Savings Bonds
- other income from National Savings & Investments products (other than exclusions listed above)
- other savings and investment income, including purchased life annuities and relevant discounted securities
- dividends from UK companies, UK authorised unit trusts or UK open-ended investment companies
- other distributions
- UK scrip dividends

- any interest, dividends, bonuses and other income from an invalid or voided Tax Exempt Special Savings Account (TESSA), Personal Equity Plan (PEP) or Individual Savings Account (ISA). Your TESSA operator, PEP manager, or ISA manager will give you details of the income to be included in your Tax Return
- if you are the beneficiary of a bare trust (one in which you have an immediate absolute title to (a share of) the capital and income), enter your (share of) income here. You should not include it in the Trusts etc. Pages. You may need to ask the trustees for details of your (share of) income
- accrued income on the transfer of securities.

**Annuities under personal pension schemes, or retirement annuity contracts or trust schemes** should be included in boxes 11.10 to 11.12. See the notes on page 15.

**Gains made on UK life insurance policies, life annuities or capital redemption policies** go in boxes 12.1 to 12.5.

Please read the notes on Question 12 on pages 15 to 18.

Gains made on **insurance policies in ISAs that have been made void** go in boxes 12.6 to 12.8.

Gains on foreign policies go on the Foreign Pages. The Notes on Foreign will tell you what to include on those Pages.

**If you are a partner** in a business, your share of any partnership investment income goes on the Partnership Pages. If you do not have these Pages, ask the Orderline for them.

**If you receive annual payments from UK unauthorised unit trusts**, enter these in boxes 13.1 to 13.3.

If you have:

- received cash as a result of a merger of two or more building societies, **or**
- received cash, or been issued with shares, or received both cash and shares, as a result of **either**
  - a conversion of a building society to a company, **or**
  - a take-over of a building society by a company,

there may be liability to either Income Tax or Capital Gains Tax. The building society may be able to tell you whether there is any tax liability. If not, you should ask your Inland Revenue office or tax adviser.

If you have received cash, then:

- if the payment is liable to Income Tax (which is likely if you received it following a building society merger), you should enter it in boxes 10.2 to 10.4 in your Tax Return. If you are not sure whether the amount is liable to Income Tax, include it in boxes 13.1 to 13.3, then tick box 23.2 on page 9 of your Tax Return and give full details of the payment in the 'Additional information' box, box 23.5
- if the payment is liable to Capital Gains Tax (which is likely if you received it following a conversion or take-over of a building society), you should add the gain on the payment to your other chargeable gains for the year. If the total gains exceed £7,700, or the total proceeds exceed £15,400, fill in the Capital Gains Pages available from the Orderline.

If you have received shares following a building society take-over or conversion, then you may need to supply details only when you dispose of those shares. Ask your Inland Revenue office for details.

If your income from savings and investments is in the 'Include' list above, **tick the 'Yes' box and fill in boxes 10.1 to 10.26 in your Tax Return, as appropriate.**

**Children's savings** - if you have made gifts to your son or daughter who is under the age of 18, which produce more than £100 gross income in a tax year, the whole of that income should be included on the Tax Return as your savings income.



### Filling in boxes 10.1 to 10.26

First, collect the information you might need; for example:

- dividend vouchers
- interest statements or tax deduction certificates
- trust vouchers. If you are entitled to income of a trust (other than a discretionary trust), the trustee should provide you with a voucher identifying the various sources of income to which you are entitled.

Then use the following notes to help you fill in the boxes. They ask for totals. You can use page 34 of this Guide to list your individual accounts and add them up.

#### • Joint savings and investments

If you have savings or investments held in joint names, you must enter only your share of the income.

If you are married, income from savings or investments held jointly with your husband or wife is usually split equally. If you own the savings or investments, and the income from them, in unequal shares, you can elect to have the income treated for tax purposes on that basis. You cannot have the election backdated.

Ask your Inland Revenue office or tax adviser if you would like further information or an election form (ask for form 17).

It is not possible to elect to share any 'gain' on a policy of life insurance, life annuity or on a capital redemption policy. Any gain is allocated to the person who owns the rights (or owned them immediately prior to the chargeable event) under the insurance policy or contract, or created the trusts under which the rights are held. See the notes on page 17.

#### ■ Interest

##### What to do if you have more than one source of interest to go in a particular box

Add together, for example, interest paid (with tax deducted) by both your bank and building society and put total figures in boxes 10.2 to 10.4. Use the Working Sheet on page 10 of this Guide. Keep details of the separate accounts in case I ask for these later.

#### • Interest from UK banks, building societies and deposit takers

Boxes 10.1 to 10.14 cover interest from savings with banks, building societies and other deposit takers. You can receive interest **without tax deducted** (box 10.1) or **after tax has been deducted** (boxes 10.2 to 10.14).

##### Interest received without tax deducted

**box 10.1** Your bank, building society or deposit taker's statement or passbook will show you the interest you have received without tax deducted (gross). Add up all the amounts you received during 2002-03 from all your accounts that pay gross interest (that is with no tax taken off) and enter the total in box 10.1.

If you are a beneficiary of a trust and you are entitled to income as it arises, include in box 10.1 any gross interest you receive direct because the trustee has authorised the payer to pay it to you.

National Savings & Investments interest should not be included in box 10.1. Enter it in box 10.8.

##### Interest received after tax has been deducted

**boxes 10.2 to 10.4** Interest is generally paid to you after lower rate tax is deducted. Your bank, building society or deposit taker's statement or pass book will usually show you the amount of interest

after tax (sometimes described as net interest), the amount of tax deducted and the amount of interest before tax was deducted (gross interest). (If you do not have all three figures, the Working Sheet on page 10 shows you how to work them out.)

Add up the amounts for the year from all your accounts. Enter totals in boxes 10.2, 10.3 and 10.4. If you do not have the information, ask your bank etc., in writing, to provide you with a tax deduction certificate or use the Working Sheet on page 10.

**If you do not have to pay tax**, we will pay you back the tax deducted.

**If you pay tax at the starting rate**, you may be able to claim back some or all of the tax deducted.

**If you pay tax only at lower or basic rate**, the tax deducted meets your tax bill on the interest.

**If you pay tax at the higher rate**, the tax deducted is set against your tax bill.

**If you do not have to pay tax**, you can register to have your interest paid without tax deducted. Leaflet *IR110: A guide for people with savings* tells you how to register and how you can claim back any tax due to you. Ask the Orderline for a copy, or go to our website at [www.inlandrevenue.gov.uk/taxback](http://www.inlandrevenue.gov.uk/taxback)

- Interest distributions from UK authorised unit trusts and open-ended investment companies

#### boxes 10.5 to 10.7

The information you need to complete these boxes will be shown on your tax voucher. The voucher will show the total interest distribution before the deduction of tax (gross interest), the tax deducted and the amount of the interest distribution paid to you after tax has been deducted (net interest).

**You may have accumulation units or shares (where the interest distribution is automatically reinvested in the unit trust or open-ended investment company).** If so, you must still show the total interest distribution before the deduction of tax, the tax deducted and the amount of the interest distribution after tax has been deducted.

If you do not have a tax voucher, ask your unit trust or open-ended investment company manager for one.

If you have received an interest distribution without tax being deducted, you should enter the total interest distribution in box 10.7 and enter '0' in box 10.6.

Do not enter here any amount shown on your tax voucher as 'equalisation'. This amount, if shown, is a repayment of capital paid to you and is not taxable. In calculating your capital gains, the amount of equalisation should be deducted from the cost of the units or shares purchased during the year.

**Do not enter dividend distributions from UK authorised unit trusts or open-ended investment companies in boxes 10.5 to 10.7. They go in boxes 10.18 to 10.20.**

- National Savings & Investments

**box 10.8** Enter in box 10.8 total interest received from:

- Ordinary Account (apart from the first £70 of interest which is exempt from tax)
- Investment Account
- Deposit Bonds
- Income Bonds
- Capital Bonds (enter the interest added in the year to the Capital Bonds as shown on your statement).

## Working Sheet for boxes 10.2 to 10.4

- Step 1** In Column A enter the name of your first bank or building society account.
- Step 2** Look at the interest on your statement or passbook. If there are three figures copy the one described as 'before tax' or 'gross' to Column D, the 'tax deducted' to Column C and the 'net interest' to Column B. It may be that your statement only shows 'gross interest' and 'tax deducted', or even just 'net interest'. Copy what's on your statement to the appropriate Columns - Step 4 tells you how to work out the missing figures.
- Step 3** Repeat Steps 1 and 2 for each of your accounts.
- Step 4** If you're missing figures from any of the Columns work them out as follows:
- If you have entries in Columns C and D, Column B = Column D *minus* Column C
  - If you've only got an entry in Column B, Column C = Column B x 25% and Column D = Column B + Column C.
- Step 5** Total each Column.
- Step 6** Round down to the nearest pound Columns B and D. Round up to the nearest pound Column C. Enter the results in boxes 10.2 to 10.4. This may mean that box 10.4 doesn't exactly equal box 10.2 plus box 10.3 but don't worry. Finally, copy the figures to boxes 10.2 to 10.4 on page 3 of your Tax Return.

Column A Bank or building society etc. accounts	Column B Amount after tax deducted (Net)	Column C Tax deducted	Column D Amount before tax (Gross)
<input type="text"/>	£ <input type="text"/>	£ <input type="text"/>	£ <input type="text"/>
<input type="text"/>	£ <input type="text"/>	£ <input type="text"/>	£ <input type="text"/>
<input type="text"/>	£ <input type="text"/>	£ <input type="text"/>	£ <input type="text"/>
<input type="text"/>	£ <input type="text"/>	£ <input type="text"/>	£ <input type="text"/>
<input type="text"/>	£ <input type="text"/>	£ <input type="text"/>	£ <input type="text"/>
<input type="text"/>	£ <input type="text"/>	£ <input type="text"/>	£ <input type="text"/>
<input type="text"/>	£ <input type="text"/>	£ <input type="text"/>	£ <input type="text"/>
<input type="text"/>	£ <input type="text"/>	£ <input type="text"/>	£ <input type="text"/>
<input type="text"/>	£ <input type="text"/>	£ <input type="text"/>	£ <input type="text"/>
<input type="text"/>	£ <input type="text"/>	£ <input type="text"/>	£ <input type="text"/>
Totals before rounding	£ <input type="text"/>	£ <input type="text"/>	£ <input type="text"/>
Totals after rounding - copy to boxes 10.2 to 10.4 on page 3 of your Tax Return			
	<b>10.2</b> £ <input type="text"/>	<b>10.3</b> £ <input type="text"/>	<b>10.4</b> £ <input type="text"/>

## How to fill in pages 3 to 10 of your Tax Return - continued

- National Savings & Investments First Option Bonds and Fixed Rate Savings Bonds

**boxes 10.9 to 10.11** This interest is received after deduction of tax. Enter in boxes 10.9 to 10.11

- the total interest received after deduction of tax
- the total tax deducted
- the total interest received before tax was deducted.

- Other income from UK savings and investments (except dividends)

**boxes 10.12 to 10.14** Include totals of the following items of income in boxes 10.12 to 10.14. Keep details of income included in the totals in case I ask for further information later. Do not include interest waived on loans to charity.

### Interest not included in boxes 10.1 to 10.11

Enter in boxes 10.12 to 10.14 any interest you received not included in boxes 10.1 to 10.11. For example:

- from certificates of tax deposit when the certificate is applied in payment of a tax liability
- on Government stocks (gilts), including those bought through the National Savings Stock Register
- on other loan stocks
- on loans to an individual or organisation
- from credit unions and friendly societies
- interest from Enterprise Zone Trusts (the rents should be included in the Land and Property Pages).

Depending on the nature of the interest, it may be paid without tax deducted (gross), or after tax is deducted (net).

**If no tax has been deducted**, enter the interest received in box 10.12 and box 10.14, and leave box 10.13 blank.

**If tax has been deducted** fill in all the boxes. Make sure the figure in box 10.14 includes the tax deducted.

### Relevant discounted securities

'Relevant discounted securities' have replaced those types of securities previously termed 'deep discount bonds' and 'deep gain securities'. Broadly, these are securities where the investor's return is mainly made up of a discount or premium payable on redemption of the bond rather than by interest payable over the life of the bond. The discount or premium is the difference between the price at which the bond was issued and the amount payable on redemption.

The discount or premium must be capable of being more than:

- 15% of the redemption price, or, if smaller,
- 0.5% of the redemption price for each year of the bond's life (for example, in the case of a 10 year bond any discount of 5% or more would mean it was a discounted bond).

A security with an uncertain yield, for example, linked to the Retail Prices Index, will normally be a relevant discounted security.

A security **fully** linked to the value of assets which would be chargeable assets under the Capital Gains Tax rules (for example, a security whose yield is fully linked to the FTSE index and gives no guaranteed minimum return on your investment) will not normally be a relevant discounted security.

If you had a relevant discounted security, generally you will be taxable only when you dispose of the security or redeem it. You will be taxable on the difference between the amount you paid for the security and the amount you received when you redeemed or sold it. Tax is not deducted from the payment, so the gross amount of the discount should be entered in box 10.14.

### Gilt strips

Gilt strips are relevant discounted securities. In contrast to the usual rules there will be a charge on the discount each year even if you do not dispose of the securities during the year. The discount is worked out by comparing the market value of the gilt strips on 5 April with their market value a year earlier or with the price you paid for them if you bought them during the tax year. (This is achieved by deeming you to dispose of your gilt strips on 5 April and to reacquire them on 6 April, both the deemed disposal and deemed acquisition taking place at the market value of the gilt strips on 5 April.) The amount of the discount should be entered in box 10.14. Details of 5 April market values are available from your Inland Revenue office.

### Strips of non-UK government securities

The above rules for gilt strips now apply in exactly the same way to strips of securities issued by non-UK governments, for strips first acquired on or after 27 March 2003. The annual charge on the discount is worked out in the same way as for UK gilt strips.

### Losses

If you have incurred a loss on the disposal of a relevant discounted security, whether you can claim any tax relief depends on the date of the disposal. If you disposed of it on or before 26 March 2003, you can claim tax relief for the loss by entering it in box 15.8. You cannot set it against the income of an earlier or later year. If you disposed of it on or after 27 March 2003, you cannot claim any tax relief for the loss unless:

- you also held the security on 26 March 2003, **and**
- it was then, or had been, listed on a recognised stock exchange.

### Transfer of income from securities

If you sell or transfer the right to receive dividends or interest but do not dispose of the underlying securities, the income from those securities is treated as your taxable income. Enter in box 10.14 the amount of income paid out (even if you have not received it).

### Purchased life annuities

Enter in boxes 10.12 to 10.14 annuities received by you except annuities under personal pension schemes, or retirement annuity contracts or trust schemes. These should be entered in boxes 11.10 to 11.12.

If you purchased the annuity, part of each payment may be exempt as a return of your capital and only the balance, the income element, should be entered on the Tax Return. The certificate provided by the payer of the annuity will show whether any part of the annuity is exempt from tax, the amount to be entered as income and the amount of any tax deducted. If you are not sure what to include, ask your Inland Revenue office or tax adviser.

### Accrued income

Accrued income securities include all interest-bearing securities, including permanent interest-bearing shares in a building society (PIBS), government loan stock and company loan stock, but not shares in a company or National Savings & Investments certificates.

Calculate charges or reliefs for securities you have bought, sold or transferred if the next interest payment after your purchase or sale fell between 6 April 2002 and 5 April 2003.

No charge arises and no relief is due for 2002-03 if the nominal value of all accrued income securities held at any time in 2002-03 or 2001-02 did not exceed £5,000.

A charge will arise if you purchased securities without accrued interest (ex-dividend) or sold securities with the accrued interest (cum-dividend). The amount of the charge will be the adjustment for the accrued interest not received, that is, the amount by which the purchase price was reduced (purchase ex-dividend) or the sale price was increased (sale cum-dividend).

A relief will be due if you purchased securities with accrued interest (cum-dividend) or sold securities retaining the right to the next interest payment (ex-dividend). The amount of the relief will be the adjustment for the amount of extra interest received, that is, the amount by which the purchase price was increased (purchase cum-dividend) or the sale price was decreased (sale ex-dividend).

For each kind of security, combine the charges and reliefs to produce a net figure. Where the charges exceed the reliefs, include the total net amount in box 10.14. Where the reliefs exceed the charges for a kind of security, deduct the excess from the 'gross' interest received from that kind of security and enter the reduced amount of interest in box 10.14. Do not change the figure in box 10.13.

### ■ Dividends

Dividends, dividend distributions and qualifying distributions carry a tax credit:

- **If you pay tax only at the starting or basic rate**, the tax credit meets your tax bill on the distribution.
- **If you pay tax at the higher rate**, the tax credit is regarded as tax already paid by you, and is set against your tax bill. The dividend plus the tax credit will be charged at the upper dividend rate (32.5%) with a 10% tax credit.

You have to enter scrip dividends separately. They have notional tax attached to them.

- **If you pay tax only at the starting or basic rate**, there is no more tax to pay on the dividend.
- **If you pay tax at the higher rate**, an amount of starting rate tax is treated as already paid by you, and is set against your tax bill.

If you are a beneficiary of a trust and you are entitled to income as it arises, include in these boxes any scrip dividends from UK companies, authorised unit trusts or open-ended investment companies.

- Dividends and other qualifying distributions from UK companies

### boxes 10.15 to 10.17

#### Dividends

Your dividend voucher shows the amount of the dividend and the tax credit. Add these together to get 'dividend/distribution plus credit'.

Include here all the dividends from shares you have acquired through employee share schemes - including Inland Revenue approved plans. There is one exception to this. Do not include the amount of any dividend that is used to buy more shares through the approved employee share plan. But if you take the shares you have bought with the dividends out of the plan within 3 years of purchasing them, and they are taken from the plan for any reason other than the exempt leaver provisions (listed on page SN2 of the Notes on Share Schemes) you do have to include them. Enter the amounts of the dividends originally reinvested for the year when the dividend shares were taken from the plan. Leaflet *IR2002: Share Incentive Plans - A guide for employees* has more detail.

Do not include dividend distributions from UK authorised unit trusts and UK open-ended investment companies. These go in boxes 10.18 to 10.20.

Do not include scrip dividends here. These go in boxes 10.21 to 10.23.

#### Other qualifying distributions

A company makes a distribution when it passes value to a shareholder, for example:

- by selling an asset to a shareholder at less than market value, or
- by paying interest at more than a commercial rate on a loan.

Non-qualifying distributions are defined on page 13 and should be entered in boxes 10.24 to 10.26. Other distributions are 'qualifying'. (Read the note for box 15.12 on page 26 if you pay higher rate tax and wish to claim a tax relief on the redemption of bonus shares or securities.)

Enter the amount in boxes 10.15 to 10.17. Please give details in the 'Additional information' box, box 23.5 on page 9 of your Tax Return, explaining the circumstances in which the distribution arose.

#### Dividends from companies affected by the service company rules

Special rules may apply where a company supplies the services of an individual who is entitled to be paid otherwise than as an employee to a client. The rules will only apply to the company and the individual if they can answer 'yes' to both the following conditions:

- the individual would be regarded as an employee if he or she worked for the client directly and not through the company.
- the individual (or his/her family) has a material interest in the company, or is entitled to receive an amount from the company based upon the amounts received for his or her services to clients.

When the rules apply, tax and National Insurance contributions must be paid on a minimum amount of salary. This may be either in the form of actual payments during the year or as a notional payment (commonly known as a deemed payment) which is treated as paid to the individual by the company. If the company is treated as making a deemed payment, but actually uses the money to pay dividends, the rules provide for relief for the recipients of the dividends in order to avoid a further tax charge. The dividends can be paid during the same tax year as the deemed payment or in a subsequent year.

In order to obtain the relief, the company that has been treated as making a deemed payment has to make a claim to the effect that the dividend is treated as non-taxable in the hands of the recipient. Once the claim has been accepted the dividend does not have to be returned in the recipient's Tax Return. Claims can be made in respect of dividends up to the amount of the deemed payment.

The company should make any claim to its own Inland Revenue office and tell us about any dividends it has paid which it wants to be exempted. The company will need to provide the following information:

- its name and tax reference
- the name(s) and tax reference(s) of the person(s) who received the dividend
- the amount of the dividend paid to each person and the total amount paid
- the date the dividend was paid
- the amount of the deemed payment and date on which it was treated as paid.

- Dividend distributions from UK authorised unit trusts and open-ended investment companies

### boxes 10.18 to 10.20

Your dividend voucher shows the amount of the dividend and the tax credit. Add these together to get 'dividend/distribution plus credit'.

**If you have accumulation units or shares in a UK authorised unit trust or UK open-ended investment company, the dividend is automatically reinvested in the unit trust or open-ended investment company.** You must still show the amount of the dividend, tax credit and dividend/distribution plus credit.



If you do not have a dividend voucher, ask your unit trust or open-ended investment company manager for one.

Do not enter here any amount shown on your dividend voucher as 'equalisation'. This amount, if shown, is a repayment of capital paid to you and is not taxable. In calculating your capital gains, the amount of equalisation should be deducted from the cost of the units or shares purchased during the year.

- Scrip dividends from UK companies

**boxes 10.21 to 10.23** If you took up an offer of shares in place of a cash dividend, this is a 'scrip' or 'stock' dividend.

Your dividend statement should have 'the appropriate amount in cash' on it - this is the amount you should enter in the dividend box. Ask your company for a statement if you have not already got one. If you have any doubts about what to include, ask your Inland Revenue office or tax adviser.

Enter in box 10.21 the appropriate amount in cash. Enter in box 10.22 the notional tax (this is  $\frac{1}{9}$  of the appropriate amount in cash). Add together the figures in boxes 10.21 and 10.22 and enter the total in box 10.23.

- Non-qualifying distributions and loans written off

**boxes 10.24 to 10.26** A non-qualifying distribution is:

- a bonus issue by a company of securities or **redeemable** shares (except a bonus issue giving rise to a qualifying distribution), or
- the paying-on of such a bonus issue by a company which has itself received it.

If you receive such a bonus issue of securities or redeemable shares, the amount of the distribution is:

- for redeemable shares, their nominal value plus any premium paid
- for securities, the amount of the principal secured plus any premium payable

*minus* any new consideration given for that issue.

If you pay tax **only at the starting or basic rate**, there is no more tax to pay on the distribution.

If you pay tax **at the higher rate**, an amount of starting rate tax is treated as already paid by you and is set against your tax bill.

Enter the amount of the distribution in box 10.26. Multiply box 10.26 by 10% to arrive at the starting rate tax which is treated as paid by you. Enter that amount in box 10.25. Leave box 10.24 blank.

The subsequent redemption of the bonus securities or shares is a qualifying distribution and is paid with a tax credit. The income should be entered in boxes 10.15 to 10.17. If you pay tax at the higher rate, read the box 15.12 note on page 26 of this Guide about a relief you can claim when this happens.

Where a loan or an advance, made by a close company to a participator or associate, is wholly or partly released or written off, the amount released or written off is treated as income received after deduction of tax at the ordinary dividend rate (10%). If you pay tax at the starting or basic rate, there is no more tax to pay on the loan released or written off. If you pay tax at the higher rate, you will have to pay further tax on the loan released or written off.

Enter in box 10.24 the amount of the loan released or written off. Multiply this figure by  $\frac{1}{9}$  and enter the result in box 10.25. Add together the figures in boxes 10.24 and 10.25 and put the result in box 10.26.

Where a loan made to a participator, or an associate of a participator, who is also an employee (or a relative of an employee) is subsequently written off (wholly or in part) - do not include it in the Employment Pages, enter it in boxes 10.24 to 10.26.

If you need help, ask your Inland Revenue office or tax adviser.

### Q11 Did you receive a UK pension, retirement annuity or Social Security benefit?

**If not applicable, go to Question 12.**

Check the following lists to see whether your pension, or retirement annuity, or benefit should be entered in your Tax Return.

#### Exclude:

- additions to your State pension or Social Security benefits that you get because you have a dependent child. These **are not taxable**. But include additions for adult dependants; these **are taxable**
- Jobfinder's grant
- New Deal training allowance - if, instead of a training allowance, you received a wage from a New Deal employment, it should be included in box 1.8 of the Employment Pages for that employment
- Employment Zone payments
- Maternity Allowance, which is **not taxable**. (Statutory Maternity Pay is taxable. Include Statutory Maternity Pay paid by the Inland Revenue in box 11.7 and Statutory Maternity Pay paid by your employer in boxes 1.8 to 1.10 on the Employment Pages)
- War Widow's pension and some pensions paid to other dependants of deceased Forces and Merchant Navy personnel are not taxable. Sometimes these are not paid, or are reduced, because you get another State pension or benefit such as a pension from overseas. Where this happens, it reduces the taxable amount of the other pension or benefit you receive. Ask the Orderline for *Help Sheet IR310: War Widow's and Dependant's pensions*, which tells you how to work out the taxable amount
- pensions for wounds or disability in military service or for other war injuries
- pensions or benefits you get under the rules of another country (even if they are paid to you by the Employment Service or the Department for Work and Pensions on behalf of that other country). These overseas pensions go on the Foreign Pages, available from the Orderline
- refunds of surplus funds from additional voluntary contributions. These go in boxes 12.10 to 12.12
- purchased life annuities. These go in boxes 10.12 to 10.14.

#### Include:

- State Retirement Pension
- Widow's Pension or Bereavement Allowance
- Widowed Mother's Allowance or Widowed Parent's Allowance
- Industrial Death Benefit Pension (but not Child Allowance)
- Jobseeker's Allowance
- Invalid Care Allowance
- Statutory Sick Pay, Statutory Maternity Pay and Statutory Paternity Pay paid by us
- Taxable Incapacity Benefit
- other pensions or retirement annuities paid by someone in the UK. These include pensions or annuities
  - from a former employer
  - from your late husband's or wife's employer
  - from personal pension plans
  - from Free-Standing Additional Voluntary Contributions schemes
  - for injuries at work or for work-related illnesses
  - from service in the armed forces
  - from retirement annuity contracts or trust schemes (but not purchased life annuities)
- income withdrawals from personal pension plans where the purchase of an annuity has been deferred.

If your pension or benefit is one that should be included, **tick the 'Yes' box and fill in boxes 11.1 to 11.12, as appropriate.**



### Filling in boxes 11.1 to 11.13

First, collect the information you need, for example:

- details of your State pension for the year
- your P60, which the payer of your pension may have given you after the end of the tax year, and any other certificate of pension paid and tax deducted
- the details given to you by the Department for Works and Pensions of your Jobseeker's Allowance and the taxable portion of that amount
- if you get Incapacity Benefit, details of your taxable Incapacity Benefit and the tax deducted
- details of any other taxable State benefits.

Then, use the following notes to help you fill in the boxes.

#### ■ State pensions and benefits

Enter the amount of pension or benefit you were entitled to for the year from 6 April 2002 to 5 April 2003, whether or not you actually received that amount in the year. Even if you chose to receive your pension or benefit monthly or quarterly, you should enter the total for the year of your weekly entitlements, rather than the total of the monthly or quarterly payments you received.

- State Retirement Pension

**box 11.1** Enter the full amount you were entitled to in 2002-03 except for any increase for a dependent child. **Include:**

- the basic (or old age) pension, State earnings related pensions (SERPS)
- graduated pension (graduated retirement benefit)
- the age addition if you are over 80
- any incapacity addition or addition for a dependent adult
- any increases paid by the Department for Work and Pensions to uprate a guaranteed minimum pension.

If you receive extra pension either because you deferred retirement beyond normal retirement age, or because you temporarily gave up your pension, the extra pension is taxable.

If you are a married woman, you should enter the pension payable to you, even if it was paid to you as a result of your husband's contributions.

The Christmas bonus is not taxable and nor is the Winter Fuel payment. You should exclude both from the amount you put on your Tax Return.

When you work out the correct amount to include, remember to take account of any changes in the amount of pension you received because of a change in your circumstances, for example, the amount of pension you received might have been reduced because you had a stay in hospital.

You can ask your local Benefit Office for a form which tells you how much pension you received and the weeks for which it was paid. Ask the Benefit Office for form BR 735 and tell them you want it to cover the tax year from 6 April 2002 to 5 April 2003.

- Widow's Pension or Bereavement Allowance

**box 11.2** From 9 April 2001 Widow's Pension was replaced by Bereavement Allowance but widows in receipt, before that date, of a Widow's Pension, continue to receive that pension and not Bereavement Allowance.

**Enter the full amount you were entitled to** in 2002-03 including any earnings related additional pension. You can ask your local Benefit Office for a form which tells you how much pension you received and the weeks for which it was paid. Ask your Benefit

Office for form BR 735 and tell them you want it to cover the tax year from 6 April 2002 to 5 April 2003.

- Widowed Mother's Allowance or Widowed Parent's Allowance

**box 11.3** From 9 April 2001 Widowed Mother's Allowance was replaced by Widowed Parent's Allowance, but widows in receipt before that date, of a Widowed Mother's Allowance, continue to receive that allowance and not Widowed Parent's Allowance.

**Include the flat rate basic allowance and any earnings related increase.** Exclude any child dependency increase.

- Industrial Death Benefit Pension

**box 11.4** Enter the annual pension you are entitled to under the Industrial Death Benefit scheme. But do not include Industrial Death Benefit Child Allowance which is not taxable.

- Jobseeker's Allowance

**box 11.5** If you were claiming Jobseeker's Allowance on 5 April 2003 the Department for Work and Pensions will give you a form P60U by 31 May 2003 which will tell you the Jobseeker's Allowance paid to you and the taxable portion of that amount. **Enter the taxable amount in box 11.5.** If you do not receive a form P60U by 31 May 2003 contact your Benefit Office.

If you stopped claiming Jobseeker's Allowance before 6 April 2003 you will have received a form P45U (Part 1A) which will tell you the Jobseeker's Allowance paid to you and the taxable portion of that amount. **Enter the taxable amount in box 11.5.**

If you did not receive a form P45U (Part 1A) contact your Inland Revenue office.

If you have received Jobseeker's Allowance for more than one period of claim in 2002-03 you must add together the taxable amounts from **each** P45U (Part 1A). If you were claiming on 5 April 2003 and had previous claims in 2002-03 you must add the taxable amounts from the P45U (Part 1A) to the taxable amount shown on the P60U.

- Invalid Care Allowance

**box 11.6** Enter the amount you are entitled to for the tax year, including any addition for a dependent adult. Exclude any addition for a dependent child, because this is not taxable.

- Statutory Sick Pay, Statutory Maternity Pay and Statutory Paternity Pay

**box 11.7** Usually these will have been paid to you by your employer and included in the figures on your P60 or P45. If so, put these figures in the Employment Pages, not box 11.7.

However, if your employer has not paid these benefits, we may have paid them to you. If so, **enter in box 11.7 the total you received in the tax year.**

Maternity Allowance is a different benefit from Statutory Maternity Pay. It is not taxable and you should not include it in your Tax Return.

- Taxable Incapacity Benefit

**boxes 11.8 and 11.9** Incapacity Benefit is not always taxable. It is not taxable when:

- it is benefit paid in the first 28 weeks of incapacity, or
- it is benefit payable for a period of incapacity which began before 13 April 1995, and for which Invalidity Benefit used to be payable.

## How to fill in pages 3 to 10 of your Tax Return - continued

The Department for Work and Pensions (DWP) will give you a form showing whether your Incapacity Benefit is taxable or not. If you were claiming Incapacity Benefit on 5 April 2003 and your benefit is taxable the DWP will give you a form P60 (IB) by 31 May 2003 which will tell you the amount of taxable Incapacity Benefit paid to you. **Enter the taxable amount in box 11.9 and any tax that has been deducted in box 11.8.**

If you stopped claiming Incapacity Benefit before 6 April 2003 and your benefit was taxable, you will have received either a form P45 (IB) (Part 1A) or a form P45 (IB) O (Part 1A) which will tell you the amount of taxable Incapacity Benefit paid to you. **Enter the taxable amount in box 11.9 and any tax that has been deducted in box 11.8.**

### ■ Other pensions and retirement annuities

- Pensions (other than State pensions) and retirement annuities

#### boxes 11.10 to 11.12

Enter in these boxes the total of all pension(s) and retirement annuities you received (other than State pensions) where the payer is in the UK and is not paying the pension on behalf of someone outside the UK.

Include here annuity payments from personal pension schemes or, where the annuity has been deferred, any income withdrawals received during the period of deferral, and any annuity payments from a Free-Standing Additional Voluntary Contributions scheme or a retirement contract or trust scheme.

If you have more than one pension or annuity, please enter the total of all in boxes 11.10 to 11.12. Provide details of each in box 11.14, or the 'Additional information' box, box 23.5 on page 9, if box 11.14 has insufficient space.

Put the total amount of UK tax deducted from the pension(s) received in the year from 6 April 2002 to 5 April 2003 in box 11.11.

You should find the information on the P60, which the payer should have given you by 31 May 2003, or any other certificates of pension paid and tax deducted.

If you started to receive an occupational pension during the year ended 5 April 2003 please enter in box 11.11 the tax deducted or refunded (put any refund in brackets) by the pension payer; use the figure from the 'in this employment' section of your P60.

If you received non cash benefits in addition to cash from a retirement benefits scheme contact your Inland Revenue office or tax adviser for advice on what to include in box 11.12.

#### Exemption

If you are a former employee who has been awarded a pension on retirement because you were disabled by injury on duty or by a work-related illness, and if that pension is more than you would have been given if you had retired at the same time on ordinary ill-health grounds, then the extra is exempt from Income Tax and should not be included in boxes 11.10 to 11.12.

#### Pensions relief under a Double Taxation Agreement (DTA)

If you are claiming that a pension is wholly or partially relieved under a Double Taxation Agreement, read pages NRN6 and NRN7 of the Notes on Non-residence etc. and, as appropriate, complete *Help Sheet IR302* or *IR304*, available from the Orderline. No entry should be made in box 11.13 if you make such a claim.

- Deduction

#### box 11.13

The taxable amount of your pension may be reduced if it qualifies for 'deduction'.

There is a 10% deduction from some UK pensions for service to an overseas government so that only 90% of the pension is liable to UK Income Tax. To qualify for this deduction, these UK pensions have to be paid by or through any public department, officer or agent of the

government of the overseas territory and be paid to:

- a person who has been employed in the service of the Crown or in service under the government of the territory concerned, or
- his widow, child, relative or dependants.

The territories concerned are:

- any country forming part of Her Majesty's dominions
- any other Commonwealth country (other than the UK)
- any territory under Her Majesty's protection.

If this deduction applies to your pension, enter in box 11.13 10% of the amount in box 11.12.

### Q12 Did you make any gains on UK life insurance policies, life annuities or capital redemption policies or receive refunds of surplus funds from additional voluntary contributions?

Have you

- *received a certificate from your insurance company or Friendly Society reporting a gain that you made on a chargeable event in connection with a life insurance policy, capital redemption policy or life annuity which you own or used to own, or*
- *received such a certificate sent to you by the trustees of a trust you set up or have contributed to, or*
- *received a certificate from your pension scheme provider reporting a refund to you of surplus funds from additional voluntary contributions?*

*If so, tick the 'Yes' box and complete boxes 12.1 to 12.12 according to the guidance below.*

*If you have not received a certificate but during the year*

- *made withdrawals, or received cash or other benefits on a surrender, maturity or death, from a UK life insurance policy, life annuity or capital redemption policy, or*
- *you sold the whole or part of a UK life insurance policy, life annuity or capital redemption policy (including as part of arrangements on divorce or separation), or*
- *you took out a loan in connection with a UK life insurance policy, life annuity or capital redemption policy, or*
- *you held a Personal Portfolio Bond with a UK insurer in the year (even if the insurer has not paid cash or other benefits during the year in connection with that Bond), or*
- *any of the things listed under the previous four bullets were done by*
  - *the trustees of a trust you created or contributed to or*
  - *the trustees of a bare trust of which you are a beneficiary or*
  - *anybody holding a policy in their own name as your nominee or*
  - *a lender to whom your policy was previously assigned as security for a debt of yours*

*then you may have made a gain, in which case you will need to tick the 'Yes' box and complete boxes 12.1 to 12.9.*

*If none of the circumstances above applies to you, go to Question 13.*

- Gains on UK life insurance policies, life annuities and capital redemption policies

UK insurers are required by law to issue a certificate if a gain has been made on a life insurance policy, life annuity or capital redemption policy. In most cases therefore, if you have made a gain you will have received a certificate reporting the gain, either directly from the insurer or indirectly via trustees or a lender. These notes tell you how to fill in boxes 12.1 to 12.9 of your Return if you have received such a certificate. These notes also tell you what to do in those cases where you have not received a certificate but may still have made a gain.

In these notes 'gains' are chargeable event gains which are taxable as income. They are included in income for all purposes, including entitlement to age-related personal allowances. Insurers sometimes refer to them as 'chargeable gains' but they are **not** capital gains so reliefs allowable in calculating capital gains (such as taper relief), capital losses and the annual exempt amount cannot be set against them.

Only include in boxes 12.1 to 12.9 gains from life insurance policies, life annuities and capital redemption policies taken out with a **UK life insurance company, the UK branch of an overseas insurer or a UK friendly society**. Gains from **foreign policies** go on the Foreign Pages in boxes 6.6 to 6.8 – see guidance below in the section headed 'Is the policy a 'foreign policy?'.

Do not include in boxes 12.1 to 12.9 details of retirement annuities – see the notes above about Question 10 under the heading 'Other pensions and retirement annuities'.

Not all payments from life insurance policies, life annuities and capital redemption policies give rise to gains. If you have not received a certificate, go to the sections below headed 'No chargeable event certificate received – but gain made' and 'No chargeable event certificate received – definitely no gain made'. These sections will help you decide whether you have made a gain which you need to enter on your Tax Return.

### Chargeable event certificate received – events other than sales or assignments

#### boxes 12.1 to 12.5

If your insurer has sent you a certificate in connection with a policy you own or used to own, or sent such a certificate to the trustees of a trust you created or contributed to, you will have made a gain which you should self-assess on your Tax Return. The certificate will tell you:

- the policy details
- the type of event giving rise to the gain and the date when it occurred
- the amount of the gain
- whether basic rate tax is treated as paid on the gain and, if so, how much
- the number of years either since you took out the policy or since the last event, whichever is the less.

In many cases the insurer will have sent to the Inland Revenue a copy of the information on the certificate.

First make sure the gain is taxable in 2002-03. The certificate may show one date relating to the event giving rise to the gain or it may include two dates.

**If the certificate only shows one date** then this is the date of the event. If this falls in the year ended 5 April 2003 then the gain must be entered in this year's Tax Return for 2002-03.

**If the certificate shows two dates** relating to the event then only enter the gain on this year's Tax Return for 2002-03 if the later of these dates falls in the year ended 5 April 2003. This later date is

the final day of the 'policy year' in which the event occurred. A 'policy year' is usually a 12-month period beginning on the anniversary of the date on which you took out the policy. For instance, a policy you took out on 1 July 1995 would have a policy year ending on 30 June 2002. If, using the same policy example, you made a part surrender on 31 January 2003, the certificate would show both the date of the part surrender, 31 January 2003, and the end of the policy year, 30 June 2003. The gain would go on **next year's** Tax Return for 2003-04, not this year's Tax Return for 2002-03, because 30 June 2003 falls in the 2003-04 tax year.

- If the certificate reports that there is no tax to be treated as paid on the gain, complete boxes 12.1 and 12.2. Enter the number of years in box 12.1 and the amount of the gain in box 12.2.
- If the certificate reports that there is tax to be treated as paid on the gain and calculates how much tax, complete boxes 12.3 to 12.5 (unless the policy was held in a voided ISA – see guidance on completing boxes 12.6 to 12.8 below). Include the number of years in box 12.3, the amount of tax treated as paid in box 12.4 and the amount of the gain in box 12.5.

There may be a very few cases where the gain shown on the certificate is higher than the gain you have to self-assess. This is where the gain may have been subject to double taxation. If:

- you purchased a policy and have received a certificate reporting a gain arising as a result of part withdrawals made shortly before you acquired the policy **or**
- you have received a certificate in connection with a policy – normally a regular premium policy - which has in the past been fundamentally altered (for example by changing the life or lives the policy insures) and you have evidence that a gain arose as a result of that fundamental alteration

contact your Inland Revenue office for advice about what to enter on your Tax Return.

### Chargeable event certificate received – sales or assignments for consideration

If the gain arose because of a sale or assignment of the policy, the certificate will show the same information as for other events **apart from:**

- the amount of the gain **and**
- how much tax is treated as paid on the gain.

However the certificate will tell you:

- whether (but not how much) tax is treated as paid on the gain
- the total previous gains, if any
- the premiums or consideration paid
- the amount of relevant capital payments, if any
- the value of parts previous assigned, if any **and**
- for purchased life annuities, the capital elements paid on account of the annuity.

Using this information and the value you received for disposing of the policy, you can calculate the gain and tax treated as paid yourself. *Help Sheet IR320: Gains on UK Life insurance policies* gives you help in Example 3 on page 11. Ask for the Help Sheet from the Orderline or on the Internet at [www.inlandrevenue.gov.uk](http://www.inlandrevenue.gov.uk).

If the certificate reports that there is no tax to be treated as paid on the gain, complete boxes 12.1 and 12.2. If the certificate reports that there is tax to be treated as paid on the gain, complete boxes 12.3 to 12.5. When you have calculated the gain, enter the amount in box 12.2 or 12.5 as appropriate. The certificate will show the number of complete years that you need to include in box 12.1 or 12.3 as appropriate. If your gain is treated as if tax has been paid on it, enter the amount you calculate in box 12.4.

## How to fill in pages 3 to 10 of your Tax Return - continued

If the insurer issued a certificate for a sale or assignment but you do not think that there was any consideration, contact your tax office for a post transaction ruling before entering details on your Tax Return. Note however that the transfer of a policy **as part of arrangements made on divorce or separation** must be treated as taking place for consideration.

### No chargeable event certificate received – but gain made

If you have not received a certificate, in most cases this will be because you did not make a gain. This could be because your type of policy or what you did or the type or amount of benefit you received does not give rise to a gain (there is more on this below).

But if any of the following four circumstances apply to you, you may have made a gain even though you have not received a certificate from the insurer.

- The insurer has sent the certificate to someone else but you are liable for any tax that is due, for example, where the policy is held by:
  - the trustees of a trust you set up or contributed property to, **or**
  - the trustees of a bare trust of which you are a beneficiary or anybody holding a policy in their own name as your nominee, **or**
  - a lender to whom your policy was previously assigned as security for a debt of yours.

If this may have happened, you should check with the trustees, nominee or lender whether the insurer has sent them a certificate and ask the trustees, nominee or lender for a copy.

- The insurer has sent the certificate to the wrong address, because, for example, you have moved home without telling your insurer. If this may have happened, you should contact the insurer to ask whether it issued a certificate to your old address and, if so, to request a copy.
- The insurer does not know about the event giving rise to the gain. For example:
  - you have sold or assigned all or part of a policy for consideration, or taken out a loan in connection with the policy, but have not told your insurer this. This includes a transfer of a policy **as part of arrangements made on divorce or separation** which must be treated as a transfer of value, **or**
  - the person whose life the policy insured has died but the insurer has not yet been informed.

If this has happened, you should contact the insurer to inform them of the event that has occurred and to ask them for a chargeable event certificate.

- The policy is a foreign policy – see section 'Is the policy a 'foreign' policy?' below.

After you have obtained a copy of the certificate and determined that the gain is part of your income, complete boxes 12.1 to 12.5 of the SA return following the instructions above. There is further guidance in *Help Sheet IR320*, including guidance on Personal Portfolio Bonds.

### No chargeable event certificate received – definitely no gain made

Not all payments from, or assignments of, life insurance policies or other insurance contracts give rise to gains. If you have made withdrawals from a UK policy, or you have received cash or other benefits on the occasion of a death, surrender or maturity from a UK policy **but**:

- you have not received a certificate **and**
  - none of the circumstances set out in the box above applies to you
- then you do **not** have a gain that you need to self-assess. This is likely to be the case, in particular but not exclusively, where:

- you have received a payment under a mortgage endowment policy or a Friendly Society tax-exempt policy which has run for more than 10 years **or**
- you have received a payment under a policy for which you paid a single premium and the payment received is less than 5% of the premium **or**
- you have given all or part of your policy to someone else and have not received anything in return.

### Gain made by more than one person

Where you are one of multiple owners of the policy, you only enter your share of the gain on the Tax Return. If you own the policy jointly with your spouse, you should each enter on your Tax Return half the amount of the gain reported on the certificate and also half the tax treated as payable. If:

- the multiple owners are not you and your spouse **or**
- the gain arose in connection with a policy held on a trust which you and other persons created or contributed to **or**
- the gain arose in connection with a policy assigned as security for a debt owed by you and other persons

see the section headed 'Dividing a gain where there are joint or multiple owners or interests' in *Help Sheet IR320* for further guidance.

### Multiple gains

**Some insurance products consist of a cluster of identical policies of life insurance taken out at the same time from the same insurer.** Most insurers will report all the gains arising at the same time on the cluster policies on the same certificate. If the insurer has reported each gain on a separate certificate, but they are all identical, add them together and include, as appropriate, the total gains and total tax treated as paid. Just follow the guidance above when completing boxes 12.1 to 12.5 of your Tax Return.

**If you have made gains from more than one policy and they were not identical**, you will need to give details in the 'Additional information' box, box 23.5 on page 9 of your Tax Return. Describe each policy or cluster and state for each one the amount of the gains, the number of complete years and the amount of any tax treated as paid. All this information will be shown on the certificates from the insurers if you have one, unless the gain is a result of an assignment (in which case please order *Help Sheet IR320* from the Orderline for further advice). Add all the gains and tax treated as paid together and transfer the totals to boxes 12.2, 12.5 and 12.4 as appropriate. Do not make any entry for the number of years in boxes 12.1 or 12.3.

### Capital Gains Tax

If you have purchased a qualifying policy **from a third party**, or own a policy made and originally assigned before 26 June 1982, there may be a Capital Gains Tax charge when you receive money in connection with it, give it away or exchange it for another asset. Do not enter details of capital gains in boxes 12.1 to 12.5. They go in the Capital Gains Pages of your Tax Return. For more details about Capital Gains Tax on second-hand policies, sometimes known as traded endowment policies (TEPS), see the section 'Policies purchased from a third party' in *Help Sheet IR320*.

### Is the policy a 'foreign' policy?

You may not have received a certificate because your policy is a foreign policy taken out before 6 April 2000. A foreign policy is normally one issued by an insurer from outside the UK. Gains on foreign policies go on the Foreign Pages obtainable from the Orderline (see the notes on boxes 6.6 to 6.8 of the Foreign Pages and *Help Sheet IR321*).



A UK insurer may also issue a foreign policy as part of its 'Overseas Life Assurance Business'. This is a type of policy sold by a UK insurer to a person who, at the time it was taken out, was residing outside the UK. Gains from this type of policy go on the Foreign pages if the policy was taken out **on or after 17 March 1998**. However, gains from Overseas Life Assurance Business policies which were made **before 17 March 1998** are not treated as foreign policies and you should enter details of such gains in boxes 12.1 to 12.5 according to the guidance above. If you think you might have made a gain on an Overseas Life Assurance Business policy made before 17 March 1998 but have not received a certificate, contact your insurer.

### *Gains on life insurance policies in Individual Savings Accounts (ISAs) that have been made void*

**boxes 12.6 to 12.8** Normally there is no tax to pay on gains made on policies of life insurance held within the insurance component of an ISA. However, the ISA may be made void if, for instance, it is found that the application to subscribe was invalid. Then, the policy within the ISA will be terminated and this may give rise to a gain.

Where an ISA including a life policy is made void, your ISA manager should already have notified you of this in writing and told you how much tax has been deducted from any gain. If there is a gain arising, the ISA manager (or the life insurance company if different from the ISA manager) will have provided you with a chargeable event certificate which you should use to complete the SA Tax Return. Include the number of years in box 12.6 and the amount of the gain in box 12.8. Enter in box 12.7 the amount of tax your ISA manager or insurer told you was deducted from the gain. It will be 22% of the gain entered in box 12.8.

### *Deficiencies arising from UK and foreign policies of life insurance, life annuities and capital redemption policies*

**box 12.9** A relief known as 'corresponding deficiency relief' may be due occasionally when a policy of life insurance, including a policy held in an ISA, a life annuity or capital redemption policy came to an end during 2002-03. The relief will only be due if you have made one or more previous gains during the term of the policy as a result of making part withdrawals or part assignments of value higher than 5% of the premium in a year and you are also a higher rate taxpayer in 2002-03. If you think this relief may apply to you, ask the Orderline for *Help Sheet IR320* and read the section headed 'The result of the calculation is not a positive amount'. Enter how much relief you are due in box 12.9.

- Refunds of surplus funds from additional voluntary contributions

**boxes 12.10 to 12.12** Your certificate from your pension scheme provider will show the amount of surplus funds from additional voluntary contributions plus tax refunded to you on leaving pensionable employment or on retirement. Enter the total amount in box 12.12, the amount actually repaid to you in box 12.10 and the tax deducted in box 12.11.

Do not include amounts of any contributions refunded to you because of completion of less than two years qualifying service in your employer's pension scheme.

Any refund is restricted to the basic rate of tax. There is further guidance in booklet *PS0 1: Occupational Pension Schemes. A guide for members of tax approved schemes*, ring 0115 974 1600 to get a copy.

### **Q13 Did you receive any other taxable income which you have not already entered elsewhere in your Tax Return?**

**If not applicable, go to Question 14.**

There are many types of transaction which produce taxable income. Examples include:

- all casual earnings not declared elsewhere on the Tax Return, including 'one off' freelance income and underwriting or sub-underwriting commissions
- receipts under covenants entered into for genuine commercial reasons which are in connection with the payer's trade, profession or vocation
- profits from isolated literary or artistic activities
- rental from leasing equipment you own
- income received after your interest in a business has ceased, or received following a change in the basis on which the profits of that business are calculated. This applies only if the income would not otherwise have been taken into account for tax purposes during the life of the business - for examples see 'Post-cessation and similar business receipts' on page 20
- any recoveries of expenses or debts for which you claimed relief as a post-cessation expense
- sale of patent rights if you received a capital sum
- annual payments received in the year, including annual payments received from UK unauthorised unit trusts and annual payments paid by former employers which do not constitute the payment of a pension
- any payment or asset from an approved retirement benefit scheme which is not authorised by the scheme rules.

If you did receive income that is taxable and you have not included it elsewhere in your Tax Return, tick the 'Yes' box and fill in boxes 13.1 to 13.6 using the notes below. If you are in doubt about what to include, ask your Inland Revenue office or tax adviser.

### **How to fill in boxes 13.1 to 13.6**

**The income or losses from transactions relating to an activity which amounts to a trade should be included in the Self-employment Pages, Partnership Pages, or Land and Property Pages (furnished holiday lettings), as appropriate.** If this income does not arise in the course of a trade, profession or vocation, it should be entered in boxes 13.1 to 13.6 and details provided in box 23.5. If you are in any doubt about this, ask your Inland Revenue office or tax adviser.

- Other taxable income

Keep a record of the separate items of income, and any relevant expenses relating to each item (see the notes beginning in the next column), in case you are asked for full details later.

If you only had one type of 'other taxable income' during the year, follow the instructions below.

If you had more than one type of other taxable income, *Help Sheet IR325: Other taxable income* has a Working Sheet you can use to work out the total figures to put in the boxes.

You can only set losses of the year against certain types of other taxable income - see the note on losses on page 19 and *Help Sheet IR325* if you need it.



**boxes 13.1 and 13.1A** Enter the amount of income after any tax deducted, and after any allowable expenses or capital allowances for the tax year in box 13.1 and provide details in box 23.5. If, overall, you made a loss for the year, enter '0'. There are notes that follow about expenses, losses and some types of income. If you are claiming capital allowances for environmentally friendly expenditure, tick box 13.1A. These are available when you have purchased a car with low CO<sub>2</sub> emissions, equipment for refuelling vehicles with natural gas or hydrogen fuel, or certain designated energy-saving equipment for use in your business or for leasing, letting or hire. In these cases a 100% enhanced capital allowance claim can be made.

**box 13.2** Enter the amount of any tax deducted from the payments you received.

**box 13.3** Enter the amount of income before any tax was deducted, but after any allowable expenses or capital allowances for the year (box 13.1 *plus* box 13.2). If the result is a loss, it can be set against income in a future year - see the notes on 'Losses' - and should be entered in box 13.6. If you have more than one source of 'other' income you should deduct any loss made in the year that can be set off against other types of income (see *Help Sheet IR325*) and enter the net amount in box 13.3.

### Cashbacks

You may have to pay tax if you have, as an incentive to take out a mortgage or to purchase an asset (such as a car):

- received cash, **or**
- received an asset (such as a car or a holiday), **or**
- had any personal liabilities waived or paid on your behalf.

You may be taxable on the amount or value of what you have received, or had waived or paid on your behalf.

The person from whom you received the incentive may be able to tell you whether there is any tax liability. If not, you should ask your Inland Revenue office or tax adviser.

If the amount is liable to Income Tax (which is likely only where the cashback consists of payments receivable in more than one year), enter it in box 13.3. (If you are not sure whether the amount is liable to Income Tax, enter it in box 13.3 and tick box 23.2 on page 9 of your Tax Return. Please give full details of the cashback in the 'Additional information' box, box 23.5.)

### Sickness and unemployment insurance

Benefits for sickness or disability paid by an employer must be included in the Employment Pages.

If you have left employment but continue to receive benefits for sickness or disability under a personal insurance policy because you are covered by your former employer's permanent health insurance scheme, enter the amount received in box 13.3.

However, if you contributed to the premiums paid by your employer or former employer, the benefits received by you that arise from that employer's scheme will be exempt to the extent that they relate to your contributions. Do not include the exempt amount. Check with your Inland Revenue office if you need help in calculating the exempt amount.

Income of a trade or vocation which is received as benefits for sickness or disability must go in the Self-employment Pages, or the Partnership Pages if the business was carried on in partnership.

Do not include in your Tax Return any other benefits for sickness, injury or disability paid under insurance policies. If you are unsure whether or not your sickness or unemployment benefits are taxable, ask the Orderline or your Inland Revenue office for leaflet *IR153: Tax exemption for sickness or unemployment insurance payments*. Copies of the leaflet may also be available at your library or Citizens Advice Bureau.

### Lump sums from unapproved retirement benefits schemes

An unapproved retirement benefits scheme is a scheme set up by your (ex) employer to provide retirement or death benefits. It does not include a scheme approved by the Inland Revenue. A lump sum from an unapproved scheme is taxable unless you can show that it is:

- attributable either to your own contributions to the scheme, **or**
- attributable to contributions by your (ex) employer which have been taxed on you, **or**
- for accidental disablement or death, **or**
- the only such benefit you received and you are not also a member of an approved scheme. If so it may be free of tax - ask your Inland Revenue office about *Statement of Practice 13/91*.

(No losses may be set against this income.)

**box 13.4** Enter any unused allowable losses brought forward from earlier years.

**box 13.5** You cannot set losses against all categories of other income, for example, you cannot set losses against annual payments - see the notes below. Enter in box 13.5 the amount of any loss brought forward which can be set against the income in box 13.3 up to the amount of that income.

**box 13.6** Enter the amount of any loss for the year that you have not set against other income in box 13.3 and which you are claiming to carry forward to a later year.

### Expenses

The amount of taxable income is the gross income you are entitled to (whether or not you received it) in the tax year *minus* allowable expenses incurred in that year.

Allowable expenses are those which:

- had to be spent solely to earn the income, **and**
- were not spent for private or personal reasons, **and**
- were not spent to buy something which you intend to keep for a while (such as a computer). But you may be able to claim capital allowances for this expense. Ask your Inland Revenue office or tax adviser for advice.

You cannot set expenses against annual payments.

For guidance on expenses which are allowable in arriving at the taxable amount of receipts from a discontinued business, or arising from a change in the basis on which business profits are calculated, please read the notes on 'Post-cessation and similar business receipts' below.

### Losses

If your allowable expenses are more than your receipts, you made a loss. Some, but not all, losses can be set against some types of income from other transactions in the 'other income' category.

If you have no such income this year, losses can be carried forward and set against similar income in future years.

You cannot set losses against annual payments.

If any receipts from a discontinued business, or arising from a change in the basis on which business profits are calculated and which would not otherwise be taken into account for tax purposes during the life of the business, are exceeded by your allowable expenses, see the note for box 15.8 on page 24.

(If you are in any doubt about which losses you can claim or how to claim them, ask the Orderline for *Help Sheet IR325: Other taxable income*, or ask your Inland Revenue office or tax adviser.)

### Post-cessation and similar business receipts

Include any income you receive from a business in which your involvement has ceased, for example, if you have disposed of it, if it has been discontinued, or, if it was run in partnership, you ceased to be a partner. If the basis on which the profits of a business are calculated is changed, include here any receipts which, as a result of that change, would not otherwise be taken into account for tax purposes during the life of the business. Examples include:

- money you have recovered from a bad debt which you had written off in your business accounts
- royalties arising after the business ceased from contracts made before it ceased
- receipts relating to work completed before you changed the basis on which profits are calculated from a cash to an earnings basis.

There are two ways of dealing with this. Either you enter the total in box 13.3 or, alternatively, you can claim to have the income taxed as income of the year in which the business ceased. If you wish to do this, do not use box 13.3. Instead, tick box 23.4 on page 9 of your Tax Return. Please enter the amount and the year in which the business ceased in the 'Additional information' box, box 23.5.

Where the income relates to a discontinued business, the amount to be included in your Tax Return is after:

- losses and expenses, not arising from the discontinuance itself, which would have been allowable had the business continued, **and**
- any unused losses and unused capital allowances of the discontinued business, **and**
- any such expenses brought forward from earlier years which have not previously been relieved against post-cessation receipts.

Where the receipts arise from a change in the basis on which the profits of a business are calculated, the amount to be included is after any expenses not otherwise allowed and which would have been allowed but for the change.

If the allowable expenses you have paid exceed receipts, read the note for box 15.8 on page 24.

### **Q14** Do you want to claim relief for your pension contributions?

**If not applicable, go to Question 15.**

Tax relief is given at source for contributions to your employer's pension scheme (that is, not a personal pension or stakeholder pension scheme) deducted from your pay. If this is your only pension provision, go to Question 15.

If you make payments to an approved retirement annuity contract, or your employer has established or participates in an approved personal pension or stakeholder pension scheme, tick the 'Yes' box and fill in boxes 14.1 to 14.11, as appropriate.

Ask the Orderline for booklet *IR78: Looking to the future, Tax reliefs to help you save for retirement*, which explains more about the different schemes.

### ■ Retirement annuities

You can claim tax relief as a deduction from your earned income for payments to a retirement annuity contract taken out before 1 July 1988 to provide you with benefits on your retirement. Keep your payment certificates or receipts.

#### How relief is given

- payments to retirement annuities are made 'gross' without tax being deducted
- the amount of your payments that qualify for relief is limited to a percentage of your 'net relevant earnings' (see below)
- relief is given by reducing the level of your taxable profits if you are self-employed or by deduction from your taxable pay if you are an employee.

### Net relevant earnings

Net relevant earnings are:

- earnings from non-pensionable employment
- your self-employed profits as a sole trader (box 3.92 on the Self-employment Pages)
- your share of partnership profits (box 4.22 on the Partnership Pages)
- any furnished holiday letting profit (box 5.14 on the Land and Property Pages and the figure from your Partnership Statement if you are in a partnership that has furnished holiday letting profits).

### Limits to relief

The table below shows the percentage limits on net relevant earnings which apply for retirement annuity payments. If you pay into a retirement annuity contract only there is no limit on the amount of earnings to which the percentage applies.

Age at 6 April 2002	Percentage limit
50 or less	17.5%
51 to 55	20.0%
56 to 60	22.5%
61 to 74	27.5%

**Note: if you make payments to both a retirement annuity contract and a personal pension scheme taken out after 1 July 1988 special rules apply (see the section beginning in the next column on 'Personal pensions (including stakeholder pensions)')**

Ask the Orderline for *Help Sheet IR330: Pension payments* which includes working sheets to help you work out your tax relief.

### Doctors and dentists

If you are claiming relief for payments to the NHS superannuation scheme (see box 14.10) and you are also making retirement annuity payments, you must deduct your NHS earnings from your net relevant earnings. Ask the Orderline for booklet *IR1: Extra Statutory Concessions* which explains how to do this.

### Carry back

You can in some circumstances allocate to an earlier year all or part of a retirement annuity payment made in 2002-03. Payments made in 2002-03 can be allocated to:

- 2001-02, or
- 2000-01, but only if you had no net relevant earnings in 2001-02.

You can make your election to carry back payments either by including it in your Tax Return or by sending a separate election on form 43 to your Inland Revenue office. Form 43 is available from any Inland Revenue office or from the Orderline.

Ask the Orderline for *Help Sheet IR330*. This includes a working sheet to help you work out the payments you can carry back.

### Payments brought back

Under a carry back election you can also bring back payments already made in 2003-04 (that is, paid after 5 April 2003 but before you send your Tax Return). The relief will give rise to a tax credit which will be set against the tax due or repaid as appropriate.

Payments made between the date of filing your Tax Return and 5 April 2004 can also be carried back. There is no need to wait for your 2003-04 Tax Return.

If you prefer to make your election earlier you should send a form 43 to your Inland Revenue office after you have made your payments.

## How to fill in pages 3 to 10 of your Tax Return - continued

### Carry forward of unused relief

In certain circumstances unused retirement annuity relief from earlier years may be carried forward and given for payments which exceed the percentage limit in the year in which relief is claimed. Ask the Orderline for *Help Sheet IR330* which explains more about carry forward and includes working sheets to help you.

### Qualifying payments

The payments you make to your retirement annuity contract which qualify for tax relief are subject to limits. These qualifying payments are made up of one or more of the following, each of which is subject to its own limits:

- the payment for relief in 2002-03 is limited to the percentage limit of your net relevant earnings for the year (see the note on 'Limits to relief' on page 20)
- the payment you made in excess of your percentage limit for 2002-03 to take up unused relief from earlier years is limited to the amount of your relevant earnings for 2002-03 (see the note on 'Carry forward of unused relief' above)
- the payment you wish to carry back (including the amount you have already taken back) is limited to the relief still available in the earlier year (see the notes on 'Carry back' and 'Payments brought back' on page 20).

**box 14.1** Enter the gross amount of qualifying retirement annuity payments made in 2002-03.

**box 14.2** Enter the amount of your 2002-03 qualifying payments for which you have already claimed relief in an earlier year.

**box 14.3** Enter the amount of your 2002-03 qualifying payments you now want to carry back to an earlier year.

**box 14.4** Enter the amount of qualifying payments you have made after 5 April 2003, but before the date you send your Tax Return, for which you want to claim relief now. The relief will give rise to a tax credit which will be set against the tax due or repaid, as appropriate. I will work it out for you, but if you want to do it yourself, the box 18.8 note in the Tax Calculation Guide will tell you what to do. You must enter the payments in box 14.2 of next year's (2003-04) Tax Return.

**box 14.5** This is the amount of relief you are claiming against your 2002-03 income. You get this figure by subtracting 2002-03 payments you have already used (box 14.2) and those you are now going to use in an earlier year (box 14.3) from your total 2002-03 qualifying payments (box 14.1).

### ■ Personal pensions (including stakeholder pensions)

Payments to personal pension/stakeholder pension contracts are made by you to the pension scheme administrator with the basic rate tax relief already having been given, and no further relief will be due to you unless you are liable to tax at the higher rate. This always applies even if your contributions are collected by your employer. The basic rate tax relief is reclaimed direct from us by your pension scheme administrator and added to your contract. But you still have to enter the gross payments (before tax has been deducted) in boxes 14.6 to 14.9 on your Tax Return. Ask your pension scheme administrator for these amounts if they are not shown on any payment certificate or receipt. Keep these receipts.

### Limits to relief - contributions up to 'earnings threshold'

You can contribute up to £3,600 (earnings threshold) into a personal pension (including a stakeholder pension) scheme if:

- you are a non-earner, **or**
- you have net relevant earnings but are not required to provide evidence of these to the scheme administrator, **or**
- you have a single employment (or the following apply to all your employments taken together), **and**
  - throughout 2002-03 you were in an occupational pension scheme, **and**
  - your earnings in either of the tax years 2000-01 or 2001-02 were below £30,000, **and**
  - you were not a controlling director of a company at any time in any of the tax years 2000-01 to 2002-03.

If you are a non-taxpayer you can still pay your contributions and receive basic rate tax relief at source. The £3,600 limit includes:

- employer contributions
- the basic rate tax relief on the contribution.

So the actual amount you can pay to your pension scheme administrator is £2,808. This is £3,600 *minus* basic rate tax of £792.

In working out your qualifying contributions for 2002-03 you must also take into account any retirement annuity payments you made for that year. Ask the Orderline for *Help Sheet IR330* which includes Working Sheets and explains the limits to tax relief when you make payments to both a personal pension scheme and a retirement annuity contract.

### Limits to relief - contributions above 'earnings threshold'

You can contribute above £3,600 for the year 2002-03 if you have sufficient net relevant earnings to justify the higher contribution level. The level of net relevant earnings in one tax year can be used to work out the maximum contributions not only for that year but also for the next five years to enable you to pay these higher level contributions. The year that you choose and for which you will have to give your pension scheme administrator evidence of your earnings is known as the 'basis year'.

For example, if you give your scheme administrator a copy of your P60 for the year 2001-02 this will be the 'basis year' and it will enable you to make higher level contributions up until the end of year 2006-07 (even if your net relevant earnings reduce in the interim period).

You can, if you wish, continue to make contributions above £3,600 for up to five years after your earnings have ceased. At the end of the five year period contributions can continue but only up to the earnings threshold of £3,600 (see note on 'Limits to relief – contributions up to 'earnings threshold' above).

The percentage limits which apply for personal pension (including stakeholder pension) payments over £3,600 are set out below. The percentage applies to net relevant earnings (see the note on 'Net relevant earnings' on page 22).

**Note: the percentage limits apply to earnings up to a maximum of £97,200 for the year 2002-03.**

Any payments made by your employer count towards the percentage limit. But you do not get tax relief on your employer's contributions.

Age at 6 April 2002	Percentage limit
35 or less	17.5%
36 to 45	20.0%
46 to 50	25.0%
51 to 55	30.0%
56 to 60	35.0%
61- 74	40.0%

## How to fill in pages 3 to 10 of your Tax Return - continued

In calculating your qualifying contributions for 2002-03 you must also take into account any retirement annuity payments you made for that year. Ask the Orderline for *Help Sheet IR330: Pension payments* which includes Working Sheets and explains the limits to tax relief when you make payments to both a personal pension scheme and a retirement annuity contract.

Any personal pension payments which do not qualify for relief must be returned to you or your employer, if appropriate, by your pension scheme administrator.

### Net relevant earnings

Net relevant earnings are:

- earnings from non-pensionable employment
- your self-employed profits as a sole trader (box 3.92 on the Self-employment Pages)
- your share of partnership profits (box 4.22 on the Partnership Pages)
- any furnished holiday letting profit (box 5.14 on the Land and Property Pages and the figure from your Partnership Statement if you are in a partnership that has furnished holiday letting profits).

### Doctors and dentists

If you are claiming relief for payments to the NHS Superannuation Scheme (see box 14.10) and you are also paying personal pension contributions or retirement annuity premiums, you must deduct your NHS earnings from your net relevant earnings. Ask the Orderline for booklet *IR1: Extra Statutory Concessions*, which explains how to do this.

### Payments carried back

You can allocate all or part of a personal pension payment which you make between 6 April and the following 31 January, to the previous tax year. You should make your election to your scheme administrator who will accept payment net of tax at the basic rate which applied to that previous tax year. An election to carry back must be made at or before the time of payment of the contribution which is to be carried back.

If you made a carry back election to your scheme administrator in respect of a personal pension contribution paid between 6 April 2002 and 31 January 2003, you will need to enter the figure at box 14.7 of your Tax Return. Your scheme administrator will already have accepted the carried back payment net of tax at the basic rate in force for 2001-02 (22%). If you were only liable to tax at basic rate for 2001-02 no further relief will be due to you.

### Payments brought back

Under the carry back provisions you can also bring back payments which you have already made in the tax year 2003-04 (that is, paid after 5 April 2003 but before you send your Tax Return). But you must have made your carry back election to your scheme administrator at or before the date of payment. As you will already have received basic rate tax relief at source on the contribution when you made it, no further relief will be due to you unless you are liable to tax at the higher rate for 2002-03.

Payments you make between the date of filing your Tax Return and 31 January 2004 can also be carried back. There is no need to wait for your 2003-04 Tax Return. You must make your carry back election to your scheme administrator at or before the date of payment. If you were only liable to tax at the basic rate for 2002-03 no further relief will be due to you. If, however, you were liable to tax at the higher rate for 2002-03 you will need to claim the additional (the difference between the higher rate and the basic rate) relief. You should make your claim to that additional relief on form PP43 (available from any Inland Revenue office).

### Form of election

A carry back election must be made to your scheme administrator in a letter, by fax or on a form supplied by your scheme administrator. You may also be able to make your election electronically or by telephone if the scheme permits. Where you have already sent your 2002-03 Tax Return and you are claiming additional relief for a payment brought back (see the note on 'Payments brought back' in the left hand column) you will need to send form PP43 to your Inland Revenue office.

### Qualifying payments

The payments you make to your personal pension (including stakeholder pension) scheme which qualify for tax relief are subject to limits. These qualifying payments are made up of one or more of the following, each of which is subject to its own limits:

- the payment for relief in 2002-03 is limited to £3,600 (see the note on 'Earnings threshold' on page 21) or the higher contribution level by reference to the age based percentage limit of your net relevant earnings for the year (see the note on 'Limits to relief' on page 21)
- the payment you wish to carry back (including the amount you have already taken back) is limited to the relief still available for the earlier year (see the notes on 'Payments carried back' aside).

Relief is not available to you for payments which you make to any other person's pension – for example, a child or grandchild.

**box 14.6** Enter the gross amount of qualifying personal pension payments (see the note on 'Qualifying Payments' ) made in 2002-03. This is the amount of the payment you made with the basic rate tax added. Ask your pension scheme administrator for the amounts if they are not shown on your payment certificate or receipts. You can work out your gross payment by dividing the amount you paid by 78 and multiplying the answer by 100.

So, for example, if you paid £780 you should enter:

$780 \times 100/78 = £1,000$  in box 14.6

This is your net payment of £780 *plus* basic rate tax of £220.

**box 14.7** Enter the gross amount of your 2002-03 qualifying payments on which you have already received basic rate tax relief and carried back to 2001-02 (see the note on 'Payments carried back' aside).

**box 14.8** Enter the gross amount of qualifying payments you have made between 6 April 2003 and 31 January 2004, but **before the date you send your Tax Return**, for which you want to claim relief now. The relief will give rise to a tax credit which will be set against the tax due or repaid, as appropriate. I will work it out for you, but if you want to do it yourself, the box 18.8 note in the Tax Calculation Guide will tell you what to do. You must enter the payments in box 14.7 of next year's (2003-04) Tax Return.

**box 14.9** This is the amount of relief you are claiming against your 2002-03 income. You get this figure by subtracting 2002-03 qualifying payments you have already carried back (box 14.7) from your total 2002-03 qualifying payments (box 14.6).

Although you will have received basic rate tax relief at source on these qualifying payments you still need to enter this figure in box 14.9. Further relief will be due to you if you are liable to tax at higher rate.



### Help Sheet IR330: Pension payments

Ask the Orderline for *Help Sheet IR330: Pension payments* if:

- the figure in box 14.5 of your Tax Return is more than the appropriate percentage of your net relevant earnings, **or**
- you bring back payments made after 5 April 2003, **or**
- you carry back payments to an earlier year, **or**
- you pay into both a retirement annuity contract and a personal pension (including stakeholder pension) contract.

It includes Working Sheets to help you complete the boxes.

- Employer's retirement benefits schemes

**box 14.10** Contributions, including regular additional voluntary contributions (AVCs), to your employer's scheme are deducted at source from your pay by your employer, before tax is charged on the remainder of your pay. Do not enter these contributions in box 14.10.

Enter the amount of contributions made to the scheme (within the 15% earnings limit) which has not been deducted at source from your pay before tax has been charged. Such payments are exceptional. An example would be additional voluntary contributions paid by way of a lump sum at or near 5 April 2003.

If you are a medical or dental practitioner whose income from the National Health Service is taxable as self-employed profits, and you want to claim relief for the contributions paid to the National Health Service Superannuation Scheme, enter in box 14.10 the contributions paid for 2002-03. Ask the Orderline for *Help Sheet IR231: Doctor's expenses* for more information.

- Free-Standing Additional Voluntary Contributions

**box 14.11** If you are an employee, you can pay up to 15% of your earnings (up to an earnings limit of £97,200 in some cases) minus what you pay to your employer's scheme, to a Free-Standing Additional Voluntary Contributions (FSAVC) scheme. This is a scheme that is not run by your employer but by a financial institution. Ask your scheme administrator for details.

If you are a medical or dental practitioner claiming tax relief on your contributions to the NHS Superannuation Scheme, you may pay contributions to a Free-Standing Additional Voluntary Contributions (FSAVC) scheme. Ask your administrator for details.

Payments to FSAVC schemes are made net of tax at basic rate. You get further relief if you are taxable at the higher rate.

Enter the gross amount of FSAVC payments in box 14.11. This is the amount you actually paid to your FSAVC provider plus the tax relief you deducted from the payment. For example, if you paid £780 enter £1,000 in box 14.11 (see the example in the note for box 14.6 in the left hand column). Ask your scheme administrator for these amounts if they are not shown on your annual statement.

### Q15 Do you want to claim any of the following reliefs?

 If not applicable, go to Question 16.

Tick the 'Yes' box and fill in boxes 15.1 to 15.12, as appropriate, using the notes below.

- Interest eligible for relief on qualifying loans

**box 15.1** You may be entitled to claim relief for interest on loans used to buy:

- shares in (or to fund) a 'close company' (see below), **or**
- an interest in (or to fund) a partnership, **or**
- plant or machinery for your work.

Information about these and other qualifying loans is included in *Help Sheet IR340: Interest eligible for relief on qualifying loans*. Work through the Help Sheet and enter the amount you want to claim in box 15.1.

You may also be able to claim relief for any benefit taxable on you if you receive a low-interest or interest-free loan from your employer (beneficial loan interest). Ask the Orderline for leaflet *IR145: Low-interest loans provided by employers*.

A close company is, broadly, one controlled by:

- five or fewer 'participants', **or**
- any number of participants who are directors.

'Participants' are persons who have a share or interest in the income or capital of the company, such as the shareholders and certain loan creditors.

If you are in any doubt about whether you have shares in a close company, ask your Inland Revenue office or tax adviser for help.

### Loans to purchase let property

Do not include any interest in box 15.1 on loans to purchase let property; instead, include such interest in box 5.26 on your Land and Property Pages.

Interest on loans to buy your main home is no longer eligible for relief.

### Life annuities for the over 65s/Home income plans

Interest paid on a loan to buy a life annuity may be eligible for relief. The loan must be secured on your main home and the borrower, or the person who receives the annuity, must have been over 65 when the loan was made. This relief is available only for loans taken out before 9 March 1999 (or loans replacing such a loan). If the loan is in MIRAS, you will have already received the full amount of relief due and do not need to enter any details on the Tax Return.

If, exceptionally, the loan is not in MIRAS, please telephone us on 0151 472 6155 and we will arrange for the appropriate relief to be given.

- Maintenance or alimony payments

**box 15.2** If you or your former husband or wife was born before 6 April 1935 you are entitled to relief if your payments to maintain your child or former wife or husband are made under certain legally binding arrangements. These can be:

- a court order
- a Child Support Agency (CSA) assessment, **or**
- a written agreement.

You cannot get tax relief for other payments, such as:

- voluntary payments
- payments made to your children
- payments made for your children if they are aged 21 or over.

Leaflet *IR121: Income Tax and pensioners* available from the Orderline, provides more detail.

You can get relief on your payments if **all** of the following four conditions are met:

- the court order, CSA or written agreement is made under the laws of one of the following countries - United Kingdom, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Netherlands, Norway, Portugal, Spain or Sweden, **and**
- the payments are made to your separated or former husband or wife or, although paid to the DWP (or SSA in Northern Ireland) are treated as if made to him or her, **and**
- your separated or former husband or wife has not remarried, **and**



## How to fill in pages 3 to 10 of your Tax Return - continued

- the payments are for his or her own maintenance, or for the maintenance of a child aged under 21 of whom you are both the parents, or who you have treated as part of your family.

You can get tax relief on the payments you make only up to a total of £2,110, even if you pay more. The limit is the same even if you make payments to more than one separated or former husband or wife.

Enter in box 15.2 the lower of:

- £2,110, **or**
- the amount you paid in the year ended 5 April 2003.

If your former husband or wife has remarried in 2002-03, you can get relief on the payments you made only up to the date of the marriage. You should enter in box 15.2 the lower of £2,110 or the payments made.

Please enter the dates of the court orders etc in the 'Additional information' box, box 23.5, on page 9 of your Tax Return. Tax relief will be given at 10% of the amount you have entered in box 15.2.

**box 15.2A** If **your** date of birth, which is entered in box 22.6, is after 5 April 1935 then you must enter your former spouse's date of birth in box 15.2A.

- Venture Capital Trust shares

**box 15.3** If you have subscribed for shares in Venture Capital Trusts, you may be entitled to claim tax relief on subscriptions up to £100,000. To qualify for tax relief you must have been aged 18 or over when the shares were issued.

The amount of relief you are entitled to is the **smaller** of:

- the amount you subscribed (up to a maximum of £100,000) multiplied by 20%, **or**
- the amount that reduces your tax bill to zero for the year (I will work this out for you, or, if you are calculating your tax, the Tax Calculation Guide explains what to do).

Enter in box 15.3 the amount you subscribed, up to a maximum of £100,000.

Keep certificates provided by Venture Capital Trusts - I might ask to see them later.

For further details ask the Orderline for the leaflet *IR169: Venture Capital Trusts (VCTs), A brief guide*.

- Enterprise Investment Scheme (EIS)

**box 15.4** If you invested in shares which were issued during the year (or, in some cases, during the following six months), you may be able to claim Income Tax relief under the Enterprise Investment Scheme, provided you have received a form EIS3 relating to the shares (or else a form EIS5, if the investment was made through an approved investment fund). Form EIS3 is issued by the company invested in, while the form EIS5 is issued by the fund manager.

If you enter a figure in box 15.4 you must also provide the following details of the investment(s) in box 23.5 on page 9 of your Tax Return:

- the name of the company invested in
- the amount of the subscription on which (ignoring the £150,000 maximum) you are claiming relief for the year to 5 April 2003
- the date of issue of the shares
- the name of the Inland Revenue office authorising the issue of the certificate, and their reference, as shown on the certificate.

Ask the Orderline for *Help Sheet IR341: Enterprise Investment Scheme - Income Tax Relief*.

(A separate Help Sheet, *Help Sheet IR297: Enterprise Investment Scheme and Capital Gains Tax*, provides guidance on claiming Capital Gains Tax deferral relief.)

- Community Investment Tax relief

**boxes 15.5 to 15.7** If you have invested in a Community Development Finance Institution (CDFI) within the Community Investment Tax Credit scheme, you may be able to reduce your income tax liability for tax year 2002-03 by claiming Community Investment Tax relief.

To qualify for Community Investment Tax relief

- your investment must have been made between 17 April 2002 and 5 April 2003,
- you must have received a tax relief certificate in respect of the investment from the CDFI, and
- you must meet the other rules of the scheme which include retaining the investment for at least five years.

Providing that the rules of the scheme continue to be satisfied, you will be able to claim tax relief in respect of the same investment for the following four tax years as well as for 2002-03. You must claim the tax relief for the four later years in the tax returns for those years, **not** in your tax return for 2002-03.

For each tax year for which you qualify for relief, the amount of relief is the smaller of

- 5% of the amount you invested (and which remains invested), or
- the amount that reduces your tax bill to zero for that year.

So, if during 2002-03 you invested £100 in a CDFI and that investment remains in the CDFI for at least five years, then provided that the other rules for relief are satisfied, you will be able to obtain income tax relief of £5 for each of the tax years 2002-03 to 2006-07, giving tax relief of £25 in total.

Enter in box 15.6 the total amount of all investments made between 17 April 2002 and 5 April 2003 for which you hold a tax relief certificate and wish to claim relief. Box 15.5 should be left blank this year – it is provided for claims which relate to investments made in a preceding tax year. The amount entered in box 15.6 will also be the amount you enter in box 15.7.

- Post-cessation expenses, pre-incorporation losses brought forward and losses on relevant discounted securities etc.

**box 15.8** You may be able to get relief for expenses you pay after you cease in business if those expenses are closely related to that business.

The payments must be made within seven years of the business ceasing, and must be amounts spent:

- in remedying, or as damages for, defective work done, goods supplied, or services rendered in the course of the former business activity, **or**
- for legal or other professional services in connection with any claim that the work, goods or services were defective, **or**
- for insurance against any expenses described above, **or**
- in recovering debts which have been taken into account in calculating the business profits before it ceased.

Additionally, relief is available for debts owed to the business which have been taken into account in calculating the profits or gains of the business before it ceased but which, within seven years of the business ceasing:

- are shown to be bad, **or**
- are released under a formal voluntary arrangement.

A claim must be made by 31 January 2005.

Relief is given against income and capital gains of the year in which the expense is paid. Enter the amount of relief you are claiming against 2002-03 income in box 15.8, and the amount of relief you are claiming against 2002-03 capital gains in box 8.5 of the Capital Gains Pages - but see the notes on unpaid expenses on page 25.

## How to fill in pages 3 to 10 of your Tax Return - continued

Unrelieved expenses can only be set against any post-cessation receipts which may arise in the future and not any other future income or gains (see page 20).

### Unpaid expenses

If:

- a deduction was given against taxable profits of the former business for expenses which had not actually been paid before cessation, **and**
- those expenses remain unpaid at 5 April 2003,

the amount of the relief you can claim must be reduced by the amount of the unpaid expense. Deduct it to arrive at the figure to enter in box 15.8.

### Reimbursements

You must enter in **box 13.3**:

- any insurance proceeds or premium refunds, or other sums received in connection with an insurance policy taken out to cover the expenses listed above, **or**
- expenses recovered from any other person or any recovery of debts for which relief has been allowed.

If you are in any doubt about the correct treatment of post-cessation expenses, ask your Inland Revenue office or your tax adviser.

### • Pre-incorporation losses

If:

- you have claimed to carry forward losses from self-employment against future profits: **and**
- you transfer your business to a company before all the losses are used

you may be able to set any remaining losses against your income from the company.

The conditions are that:

- you must have transferred the business to the company solely or mainly in exchange for shares in the company, **and**
- you must be the beneficial owner of the shares, and the company must have carried on the business throughout the year (for the year in which the business was transferred this means from the date of transfer to the following 5 April).

You should first set the losses against any income from the company which does not have tax deducted at source (for example, a salary from employment with the company).

### • Losses on relevant discounted securities

If you have incurred a loss on the disposal of a relevant discounted security (see page 11), whether you can claim any tax relief depends on the date of the disposal. If you disposed of it on or before 26 March 2003, you can claim tax relief for the loss by entering it in box 15.8. You cannot set it against the income of an earlier or later year. If you disposed of it on or after 27 March 2003, you cannot claim any tax relief for the loss unless:

- you also held the security on 26 March 2003, **and**
- it was then, or had been, listed on a recognised stock exchange.

### Industrial Buildings Allowance from investment in Enterprise Zone Trusts

If you invest in an Enterprise Zone property unit trust you can claim relief against your total income for your share of the trust's industrial buildings allowance for the year. The trustees will notify you of the amount. Use the Land and Property Pages, available from the Orderline, to claim the relief (and to enter your share of any balancing charge).

### Relief for ex-employee's liabilities and costs

You may be able to claim relief for liabilities and costs relating to actual or alleged wrongful acts by you in a former employment which has now ceased. If you did not bear these liabilities and costs yourself, there are special rules which may limit or prevent the relief. If you do not know what to claim, ask your Inland Revenue office or tax adviser before you fill in box 15.8. If the amount of liabilities or costs you can claim for exceed your total income for the year, you may be able to set some or all of the excess against capital gains. If you need help, ask your Inland Revenue office or your tax adviser.

### • Annuities

**box 15.9** You can claim higher rate tax relief for payments under annuities and covenants entered into for full value for genuine commercial reasons in connection with the payer's trade or profession.

These payments are treated as made after basic rate tax has been deducted. No further relief will be due unless you are taxable at the higher rate.

Enter the total annuities you paid in the year ended 5 April 2003. Do **not** include the tax treated as deducted.

### • Payments to a trade union or friendly society for death benefits

**box 15.10** You can claim tax relief for:

- the part of your trade union subscription that entitles you to superannuation (that is, pension), life assurance or funeral benefits, **or**
- part of any premiums that you pay to a friendly society under a policy that combines sickness and death benefits, where the total premium is no more than £25 per month, and no more than 40% of the premium is charged for the death benefit. This type of policy is now unusual and the great majority of friendly society policies do not meet the conditions for the relief.

The relief is calculated as one half of that part of your subscription or premium which went to provide the superannuation, life assurance, funeral or death benefit. Your union representative or friendly society will be able to tell you how much, if any, of your subscription or premium was for these benefits.

Enter in box 15.10, **one half** of that part of your union subscriptions or premiums paid under a friendly society sickness and death benefit policy which relates to the superannuation, life assurance, funeral or death benefits.

### • Payments to your employer's compulsory widow's, widower's or orphan's benefit scheme

**box 15.11** You may be able to get relief for a contribution that you are required to make, either by the terms of your employment or by Act of Parliament, to a scheme to provide a pension for your spouse or financial support for your children in the event of your death. **Normally you will be given relief for your payments through the PAYE system and no claim is necessary.** However in some situations, particularly if you have to make a lump sum contribution on retirement, the relief available through PAYE may not cover the whole of the payment. You can claim relief on up to £100 of any payment not relieved under PAYE. Calculate the relief at the basic rate of tax (22%) on the **lesser** of £100 or the amount of the payment not relieved through PAYE. Enter the amount claimed in box 15.11.

- Relief claimed on a qualifying distribution on the redemption of bonus shares or securities

**box 15.12** If you receive bonus securities or shares their subsequent redemption is a qualifying distribution and is paid with a tax credit.

If you are liable at the higher rate of tax (40%) you will have to pay further tax on this income but you are entitled to an allowance, in terms of tax, for the higher rate tax paid (or payable) on the issue of those bonus securities or shares. This ensures the income is not taxed twice.

If you are liable to upper dividend rate tax and have included income in box 10.17 that relates to an amount received on the redemption of bonus securities or redeemable shares, enter in box 15.12 the upper dividend rate tax paid on the non-qualifying distribution; this will be the figure in box 10.26 x 32.5% *minus* the ordinary dividend rate tax (10%), or the lower rate (20%) on distributions between 1993-94 and 1998-99 inclusive (or basic rate tax if the distribution was before 1993-94).

### **Q15A** Do you want to claim relief on gifts to charity?

**boxes 15A.1 to 15A.3** You may be entitled to higher rate relief for payments made under:

- Gift Aid
- charitable covenants entered into before 6 April 2000.

These payments are treated as made after basic rate tax has been deducted. Unless you are liable at the higher rate no further relief is due.

Even if you are not claiming higher rate relief you should enter in boxes 15A.1, 15A.2 and 15A.3 (as appropriate) the amount of any of these payments. If you have paid less tax than is treated as deducted from the payments you may have to pay the difference to us.

**Gift Aid** is a tax relief for cash gifts to UK charities. Payments under Gift Aid can be made by UK taxpayers and certain non-residents with Income Tax in the UK. Since 6 April 2000 you can make gifts of any amount under Gift Aid so long as you have given an appropriate declaration to the charity.

Since 6 April 2002 you can make cash gifts to Community Amateur Sports Clubs using Gift Aid. For the purposes of your Return, these payments are treated in the same way as Gift Aid payments to charity.

If you make any Gift Aid payments in the period 6 April 2003 to the date you send your Tax Return to us, so long as you send the Return to reach us by 31 January 2004, you can elect to have those payments treated as though made in the year to 5 April 2003. Enter in box 15A.3 the amount of payments made from 6 April 2003 for which relief is claimed in this Tax Return. More information on how this relief works is included in the leaflet enclosed.

**Charitable covenants.** From 6 April 2000 relief for gifts to charity under deeds of covenant has been brought within Gift Aid. Payments under deeds entered into before 6 April 2000 come within Gift Aid automatically until the deed expires. Deeds entered into on or after 6 April 2000 are not tax effective, unless a Gift Aid declaration has been given to the charity.

If you need more information, ask the Orderline for *Help Sheet IR342: Charitable giving* and leaflets *IR65: Giving to Charity by individuals* and *IR64: Giving to Charity by businesses*.

Do **not** include the tax treated as deducted.

If you give to charity using a Payroll Giving scheme you will already have received tax relief at source. The amount of pay that you show on your Tax Return is the amount after deducting your Payroll Giving donations. This is the amount shown by your employer on form P60 or P45. This ensures that you receive all of the tax relief due. You do not need to show the amount of Payroll Giving donations separately.

**box 15A.2** Enter in box 15A.2 the total of 'one-off' payments made in 2002-03 and included in box 15A.1. This will help us get your tax code right, if you have one.

- Gifts of qualifying investments to charities

**boxes 15A.4 and 15A.5** You can claim relief against your income for gifts of qualifying investments to UK charities. You can also claim relief if you sell qualifying investments to UK charities for less than their market value. There are two types of investments on which relief can be claimed: qualifying shares and securities and real property.

Qualifying shares and securities are:

- shares and securities listed or dealt in on the UK Stock Exchange, including the Alternative Investment Market
- shares and securities listed or dealt in on any overseas recognised stock exchange
- units in a UK authorised unit trust (AUT)
- shares in a UK open-ended investment company (OEIC)
- holdings in certain foreign collective investment schemes. (Broadly these are schemes established outside the UK that are equivalent to unit trusts and OEICs.)

In box 15A.4 enter the total value of all the shares and securities that you gave or sold to charity in the year ended 5 April 2003, at the time of the gift or sale, *minus* any consideration and the value of any benefits you received in connection with the gift or sale. You can include any costs, such as brokers' fees, or stamp duty, incurred in making the gift.

The relief for gifts of real property applies to gifts of a 'qualifying interest in land' made on or after 6 April 2002. A 'qualifying interest in land' is: the whole of a person's beneficial interest in freehold or leasehold land in the UK.

The charity must give you a certificate specifying the land and interest it has accepted from you.

The relief you can claim is the market value of the property at the time you give or sell it to the charity plus any incidental costs of disposal (for example, legal fees) less the value of any consideration or benefits you receive in connection with the gift or sale. the amount of relief claimed should be entered in box 15A.5.

If you need more information, ask the Orderline for *Help Sheet IR342: Charitable giving* and leaflet *IR178: Giving shares and securities to charity*.

### **Q16** Do you want to claim blind person's allowance, married couple's allowance or the Children's Tax Credit?

Everyone gets the personal allowance of £4,615 automatically (except for some non-residents, who should check the Non-residence etc. Pages and Notes for entitlement to any allowances).

If you were born before 6 April 1938 you may get a higher amount of personal allowance. Enter your date of birth in box 22.6. But if your income was over £17,900 in the year ended 5 April 2003, you may not get the higher amount or it may be restricted. The personal allowance is reduced at the rate of £1 of the allowance for every £2 of income above £17,900. Whatever the level of your income, the minimum amount of the personal allowance you can receive in 2002-03 is £4,615.

Other allowances available are:

- blind person's allowance
- married couple's allowance (this allowance is only available where either partner in a couple was born before 6 April 1935 – see page 27)
- unused married couple's allowance and blind person's allowance (if due) from your husband or wife
- Children's Tax Credit.

## How to fill in pages 3 to 10 of your Tax Return - continued

If you are married and you did not have enough income to use up all your married couple's allowance (or, if you are blind, blind person's allowance), you can transfer the unused part to your spouse - see the notes on page 31.

If you want to claim one or more of these other allowances, tick the 'Yes' box and fill in boxes 16.1 to 16.13, 16.14 to 16.26, 16.27 to 16.33, as appropriate, in your Tax Return, using the notes below. You should still fill in any relevant boxes even if you contacted us during the year to claim the allowances.

Otherwise go to Question 17.

### ■ **Blind person's allowance**

#### **boxes 16.1 and 16.2**

You can claim the allowance if you were registered blind with a local authority:

- enter the date you were registered blind in box 16.1 if this is the first year you are claiming, **and**
- enter the name of the local authority in box 16.2.

If 2003-04 is the first year you are on the register, you can still get the allowance for the year ended 5 April 2003, if you already had evidence of blindness at that date. This will usually be an ophthalmologist's certificate, upon which the local authority subsequently based your registration.

If you live in Scotland or Northern Ireland local authorities are not obliged to maintain a register of blind persons. However many still do keep such records. Instead, to qualify for blind person's allowance, you must be able to meet the statutory test which is that you are so blind that you are unable to perform any work for which eyesight is essential. To claim, write 'Scotland claim' or 'Northern Ireland claim' in box 16.2.

Despite there being different ways of establishing your claim to blind person's allowance, depending on where you live, there is no actual difference in the qualifying conditions that must be fulfilled.

### ■ **Married couple's allowance**

In 2002-03 married couple's allowance can only be claimed if either you, or your husband or wife, were born before 6 April 1935. So you can only claim the allowance in 2002-03 if either of you had reached 65 years of age before 6 April 2000.

The married couple's allowance consists of two parts, a minimum amount £2,110 and an amount based on the age of you or your husband or wife. When the two parts are added together the allowance totals £5,465 (£2,110 *plus* £3,355). The amount increases to £5,535 (£2,110 *plus* £3,425) if either of you were 75 or over at any time during the year. The allowance is given at the rate of 10% so this gives a maximum tax saving of £546.50 (£553.50 if 75 or over). See 'Income restriction' on page 28 if the husband's income was more than £17,900. Whatever the level of the husband's income, the restriction can only reduce your entitlement to the minimum amount of £2,110.

If both you and your husband or wife were born after 5 April 1935 you cannot claim; do not complete boxes 16.3 to 16.13.

If either you, or your husband or wife, were born before 6 April 1935 and have a child under 16 living with you, you will have to decide whether you should claim married couple's allowance or Children's Tax Credit, you cannot receive both. Your Inland Revenue office can help you decide which allowance to claim.

#### **boxes 16.3 and 16.4**

If you are a married man, or if you are a married woman and you are claiming half or all of the minimum amount of the married couple's allowance, fill in boxes 16.3 and 16.4.

If you are a married man and either you, or your wife, were born before 6 April 1935 you can only claim married couple's allowance if you were living with your wife for all or part of the year ended 5 April 2003.

You can still be regarded as 'living together' even if you were not living together under the same roof, as long as

- you are still married, **and**
- neither of you intends to make the separation permanent.

If you were born before 6 April 1935 enter your date of birth in box 16.3. You need only complete box 16.4 if your spouse was born before 6 April 1935 **and** is older than you.

**If you are a married man fill in boxes 16.5 to 16.9. If you are a married woman fill in boxes 16.10 to 16.13.**

#### **boxes 16.5 to 16.9**

If you married in the year ended 5 April 2003, read the section 'Special rules if you are a man who married in the year ended 5 April 2003' on page 28, for details of what to claim.

Otherwise, to complete your claim to married couple's allowance please enter your wife's full name in box 16.5.

That is all you have to do unless you and your wife have decided:

- to have half the minimum amount of the allowance each (if you have done this and your Inland Revenue office has agreed, tick box 16.7), **or**
- that the whole of the minimum amount of the allowance should go to her (if you have done this and your Inland Revenue office has agreed, tick box 16.8).

Read the section 'Who gets married couple's allowance - you or your husband or wife?' below.

A married couple entitled to claim married couple's allowance can only transfer an amount equal to all or half of the minimum married couple's allowance of £2,110 at 10%.

This rule is separate from the one which allows the married couple's allowance to be transferred from one of you to the other, where the person getting the married couple's allowance does not have enough income to use it. See 'Transferring unused allowances' and 'Using unused allowances' on page 31 for more details.

#### **boxes 16.10 to 16.13**

If you are a married man, leave these boxes blank and fill in boxes 16.5 to 16.9 instead.

If you are a married woman, you can only claim the minimum amount of the married couple's allowance if either you or your husband were born before 6 April 1935, you were married and living with your husband for all or part of the year ended 5 April 2003 **and** you have decided:

- to have half the minimum amount of the allowance (if you have done this and your Inland Revenue office has agreed, tick box 16.10), **or**
- you and your husband have decided that the whole of the minimum amount of the allowance should go to you (if you have done this and your Inland Revenue office has agreed, tick box 16.11).

Read the section 'Who gets married couple's allowance - you or your husband or wife?' below for further details.

Complete your claim by entering:

- your husband's full name in box 16.12, **and**
- the date of your marriage, if after 5 April 2002, in box 16.13 (unless you can continue to get half or all of the married couple's allowance you are entitled to from a previous marriage, in which case, leave box 16.13 blank).

#### **Who gets married couple's allowance - you or your husband or wife?**

The allowance goes automatically to the husband unless:

- either of you has asked for half of the minimum amount of the allowance to be given to each, **or**
- both of you have asked for the whole of the minimum amount of the allowance to be given to the wife.



## How to fill in pages 3 to 10 of your Tax Return - continued

You can only change the way married couple's allowance is given to you if your Inland Revenue office agreed to the change before 6 April 2002 (or 6 April 2003 if you married after 5 April 2002). Otherwise, it is too late to make a change to apply to your 2002-03 Tax Return. Write to your Inland Revenue office as soon as possible if either of you was born before 6 April 1935 and you want to make a change to apply to your 2004-05 Tax Return (it is already too late for 2003-04). Once you have changed your married couple's allowance arrangement, it stays that way each year until you decide to change again.

### **Higher allowance if one spouse was 75 years or over at any time during the year ending 5 April 2003**

If either you or your wife were 75 years or over at any time during the year ending 5 April 2003, you may get a higher amount of married couple's allowance. The higher level of the allowance in 2002-03 is £5,535 at 10%. This gives you a maximum tax saving of £553.50. But if your income in 2002-03 was more than £17,900 read the following paragraph, 'Income restriction'.

### **Income restriction**

Married couple's allowance where either you or your wife were born before 6 April 1935, and the higher amount of the allowance which is due if either you or your wife were 75 years or over at any time during the year ending 5 April 2003, are both subject to an income restriction.

If your income was over £17,900 in the year ended 5 April 2003, you may not get the full amount of married couple's allowance. The allowance is reduced at the rate of £1 of the allowance for every £2 of income above £17,900. Whatever the level of your income the minimum amount of married couple's allowance you can receive in 2002-03 is £2,110 at 10%.

This restriction is only made after the income restriction has been applied to your personal allowance. The married couples allowance restriction is reduced by any reduction already made to the personal allowance.

The gross amount of any Gift Aid donations you make reduces the level of your income when calculating any entitlement you may have to the age related personal allowance. If you are aged over 65, or for the Married Couple's Allowance you or your spouse were born before 6 April 1935, it is important that you enter details of your Gift Aid payments. Without this information you may not receive all the allowances you are entitled to.

### **Special rules if you are a man who married in the year ended 5 April 2003**

To qualify for married couple's allowance either you or your new wife must have been born before 6 April 1935. If you married and were living with your wife for all or part of the year ended 5 April 2003 you can claim 1/12 of the married couple's allowance for each tax month (or part of a tax month) of your marriage (the tax month runs from 6th of one month to 5th of the next).

Your marriage to your new wife may not be your first marriage. If

- you,
- any previous wife with whom you lived at any time during the year ended 5 April 2003, and
- your new wife

were all born after 5 April 1935 you cannot claim married couple's allowance in the year ended 5 April 2003.

If both you and your previous wife were born after 5 April 1935 but your new wife was born before 6 April 1935 you should fill in boxes 16.3 to 16.8 with details of your new wife. Leave box 16.9 blank. You can claim 1/12 of the married couple's allowance for each tax month of your marriage (see above).

If, however, either you, or your previous wife, were born before 6 April 1935 you may already be entitled to married couple's

allowance in respect of your previous wife. In this case it will be more beneficial for you to continue claiming married couple's allowance for your previous wife for the year ended 5 April 2003 rather than to have a time apportioned claim for your new wife. If you lived with a previous wife at **any time during the year ending 5 April 2003** enter your previous wife's date of birth in box 16.9. We will then give the allowance in the way that most benefits you.

If you are unsure how your personal circumstances affect your entitlement to claim married couple's allowance ask your Inland Revenue office or tax adviser for help.

For guidance on transferring or using unused allowances, read 'Transferring or using unused allowances' on page 31.

### **■ Children's Tax Credit**

**Children's Tax Credit (CTC)** is an Income Tax relief for people who have at least one child under 16 living with them. CTC is worth £5,290 and is given at the rate of 10%, so it can reduce the amount of Income Tax you pay by up to £529 a year. The amount of CTC you receive will be reduced if you pay tax above the basic rate of tax. Even if you have already completed a separate CTC claim form and received the relief in your PAYE tax code, you should still fill in boxes 16.14 to 16.26, as directed. You cannot claim both CTC and the married couple's allowance. Your Inland Revenue office can help you decide which allowance to claim.

### **What is the 'baby rate' of CTC?**

For Tax Year 2002-03 the amount of CTC you can claim is increased where a child lives with you who was born during the period 6 April 2002 to 5 April 2003. Throughout these notes this increased rate of CTC is referred to as the 'baby rate'.

### **How much is the 'baby rate' worth?**

If you qualify for the 'baby rate', the amount of CTC you will get is £10,490, so it can reduce the amount of Income Tax you pay by up to £1,049 (£10,490 given at the rate of 10%) a year. Just like the normal CTC, the baby rate can be reduced if you pay tax at above the basic rate of tax. See 'Will the amount of CTC be reduced if my income was above a certain level?' on page 29.

### **How do I claim the increased baby rate of CTC?**

As long as you meet all of the other rules for claiming CTC, the baby rate will be given to you automatically where the date of birth entered in box 16.14 is shown as 6 April 2002 or later. If you have previously claimed CTC for an older child but now wish to swap your claim for a child who was born during the tax year, make sure you record the younger child's date of birth in box 16.14 in preference to entering the date of birth of the older child.

### **Who can claim CTC?**

CTC can be claimed by single parents, married or unmarried couples. For couples, there are special rules about which partner should claim the credit, see page 29.

Any reference to the term 'partner' in relation to CTC means the person you lived with during the year to 5 April 2003, that is, your husband or wife, or someone you are not married to but with whom you lived as husband and wife.

To claim CTC, you must have had at least one child who was:

- your own child, a stepchild, adopted child or a child you look after at your own expense,
- under 16 at the start of the tax year, and
- living with you for at least part of the tax year.

We accept that you looked after a child at your own expense if you met at least half the total cost of maintaining the child while that child lived with you.

If someone else can also claim for the same child, you may have to share the CTC with the other claimant(s).



### Can I claim CTC for each child who lived with me?

A family can claim only one CTC credit. If you lived with a partner, you or your partner can have only one credit between you, even if you had more than one child living with you.

### Will the amount of CTC be reduced if my income was above a certain level?

If you are chargeable to tax above the basic rate limit the amount of CTC you will receive will be reduced. The £5,290 CTC (or the baby rate of £10,490) is reduced at the rate of £2 of allowance for every £3 of income chargeable at the higher rate. This means that you are unlikely to receive any credit if your income was above, approximately, £42,450 (or £50,250 if you claim the baby rate). If you have made, for example, pension payments, or can claim tax reliefs (other than the basic personal allowance or the blind person's allowance) this level of income could be much higher.

#### Example 1

Nigel had one child under 16 living with him. No one else could claim for the child. Nigel earned £38,000 in the year to 5 April 2003 and pays higher rate tax.

The first £4,615 of Nigel's income is covered by his basic personal allowance.

He is then taxed as follows:

- 10% on the next £1,920 of his income (at the starting rate)
- 22% on the next £27,980 of his income (the difference between the starting rate and the basic rate limit)
- 40% on the remaining £3,485 of his income.

His CTC is reduced by:  $£3,485 \times 2 \div 3 = £2,323$

Therefore Nigel's CTC is worth  $£5,290 \text{ minus } £2,323 = £2,967 @ 10\% = £296.70$  to him.

### Which partner in a couple should claim the CTC?

The rules for couples living together apply to married and unmarried couples. The partners in a couple can have one CTC between them. If neither partner in the couple pays tax above the basic rate limit in the tax year, then normally the CTC would go to the partner with the higher income. However they can choose to share the credit equally between them, or if the couple elected before 6 April 2002 (see notes below) the whole of their CTC entitlement can go to the partner with the lower income. Make your choice by ticking one of boxes 16.23, 16.24 or 16.25.

If the partner who receives the credit does not pay enough tax to use all of the CTC, they can transfer the unused credit to their partner. If this applies, make your transfer notice by ticking either of boxes 16.29 or 16.30.

**If either, or both, partners pay tax above the basic rate,** the partner with the higher income must claim the credit – you no longer have a choice about who can claim CTC. You will not be able to share the credit or transfer it to the partner with the lower income. This is to ensure that any CTC reduction is calculated on the person with the higher income.

### What is meant by higher income?

The definition of income for this purpose is an individual's total income *minus* all deductions that can be set off against income, but before deduction of personal allowances.

#### Example 2

In a married couple, Nick's only income for the year to 5 April 2003 was the profit from his business of £25,000. He made a gift of qualifying investments to a charity of £2,000. He is entitled to personal allowance of £4,615. His income after deductions is £23,000 (salary £25,000 minus gift to charity of £2,000). His wife Sue's only income to 5 April 2003 was her salary of £24,000. She too is entitled to personal allowance of £4,615. Her income after deductions is £24,000.

So Sue had the higher income and Nick had the lower income. This means that Sue would normally claim the CTC. However as Sue's income after deduction of her personal allowance was below the higher rate threshold of £29,900 both she and Nick could decide to claim half each, or if they had elected before 6 April 2002, they could have decided that Nick would receive the whole credit instead of Sue. The choice is theirs. Whichever way they decided to allocate the CTC there would be no difference in terms of the tax saving, the CTC is still worth up to £529 (or the baby rate of £1,049).

### What happens if my child lives with someone else for part of the year?

If that person also claims CTC for that child, the credit must be divided between you as you agree. For example, separated parents where the child lives with each of the claimants for part of the year should agree the share of credit they will both receive. The amount of the CTC available still remains at £5,290 (or the baby rate of £10,490) for that child, but you will now only receive a proportion of that amount. If you married, separated from, or started living with, your partner during the year to 5 April 2003 special rules apply to work out your entitlement to CTC; see 'What happens if my circumstances changed during the tax year?' in the column overleaf.

#### Example 3

Ron and Sarah are divorced. Their son, who was under 16 in the year to 5 April 2003, spent time during that year with both of his parents. Ron and Sarah agree that the CTC should be split 60% to Sarah and 40% to Ron. So Sarah and Ron would then enter, respectively, £3,174 ( $£5,290 \times 60\%$ ) and £2,116 ( $£5,290 \times 40\%$ ) in box 16.17 of their Tax Returns.

This means in her tax calculation Sarah would receive a tax saving of £317.40 ( $£3,174 \times 10\%$ ) and Ron would receive a tax saving of £211.60 ( $£2,116 \times 10\%$ ).

Separated couples who have more than one qualifying child under 16 may be able to each claim a full CTC. Your Inland Revenue office will help if you think this might apply to you.

If you are able to claim a share of CTC for different children you should add together the respective shares to work out your overall share.

### Example 4

Anne, who is divorced, had her daughter (aged 25), her son (aged 13) and her granddaughter (born 1 January 2003) living with her in the year to 5 April 2003. Anne maintained her granddaughter. Her son lived part of the year with his father.

Anne claims CTC in respect of:

- her son. She agrees with her ex-husband who has also claimed CTC that she should have 35% of the CTC. Her ex-husband will claim 65%
- her granddaughter. Anne can claim a proportion of the baby rate of £10,490 for her granddaughter. Anne and her daughter agree to split the CTC 50% to Anne and 50% to her daughter.

Anne's entitlement to CTC is calculated as follows-

Her son	£5,290 x 35% =	£1,852
Her granddaughter	£10,490 x 50% =	<u>£5,245</u>
		£7,097

As Anne's granddaughter qualifies for the baby rate of CTC the upper limit, which determines the maximum amount of CTC Anne can claim, increases from £5,290 to £10,490. As £7,097 is below the upper limit, Anne's tax saving will be, subject to any restriction if she is liable at higher rate, £709.70 (£7,097 @ 10%).

If you cannot agree how to divide the credit between yourself and other claimants, the independent General Commissioners for Income Tax will make a decision. You can find details on appealing to the Commissioners in leaflet *IR37: Appeals against tax, National Insurance contributions, Statutory Sick Pay and Statutory Maternity Pay*. Even if you can't agree a split you will need to give an estimate of your claim so that your tax bill can be worked out; see notes for box 16.17.

### What happens if my circumstances changed during the tax year?

If you married, started living with your partner or if you split up during the tax year ended 5 April 2003 special rules apply which split the tax year into shorter periods when calculating your claim to CTC. The amount of CTC you can claim is dependent on the point in the year at which your circumstances changed and who else can claim CTC for your child. You should ask for *Help Sheet IR343: Claiming Children's Tax Credit* when your circumstances change to help you fill in box 16.26.

### What happens if my partner claimed CTC in their PAYE tax code but we now find I have the higher income?

If neither of you were liable to tax at the higher rate we will accept that your partner can continue to receive all of the CTC (to allow this to happen you should complete boxes 16.23 to 16.25 by ticking box 16.25). If you decide on a different allocation, the tax saving you achieve by claiming CTC now, will be matched by your partner having to pay extra tax equal to the amount of your saving.

If, however, you have the higher income and pay tax above the basic rate then the CTC must go to you so that the amount can be reduced based on the level of your income. In these circumstances your partner cannot claim CTC and will become liable to pay back the CTC credit already received.

If you are unsure whether you can claim CTC ask your Inland Revenue office. Further information on CTC is in leaflet *CTCR/1: Children's Tax Credit* available from the Orderline.

**box 16.14** You cannot claim both married couple's allowance and CTC. Enter in box 16.14 the date of birth of the child you wish to claim for. If you have a child living with you who was born on or after 6 April 2002, make sure you enter their date of birth in preference to claiming for an older child. Separated couples who have more than one child under 16 may each be able to claim a full CTC. If this is the case make sure you both claim for different children and enter the respective date of birth of the child you are claiming for in this box.

**box 16.15** Your 'own child' also includes a step-child or an adopted child. You can also claim for a child you looked after at your own expense if you met at least half the total cost of maintaining the child while the child lived with you.

**box 16.17** Enter in box 16.17 the amount of CTC you have agreed with other claimants that you can claim. For example, if you have agreed with another claimant that you will split the CTC equally, enter £2,645 (£5,290 x 50% or £5,245 if you claim the baby rate of £10,490 x 50%) in box 16.17. If you have been unable to agree a split of CTC by the time you send me your Tax Return you must make an estimate of what you consider your share will be. If you make an estimate you should tick box 23.2 on page 9 of your Return. In the 'Additional information' box, box 23.5, enter the name of the child and the names and addresses of all other claimants who are also claiming. If you are unable to agree a share of CTC, the independent General Commissioners for Income Tax will make a decision. You should contact your Inland Revenue office as soon as it becomes clear to you that you are not going to be able to agree a share split. You should not delay sending your Tax Return if you cannot enter an agreed amount. Once you have an amount, whether by agreement or decided by the General Commissioners, you should write to your Inland Revenue office to amend your Return if the figure you entered as an estimate differs.

**boxes 16.20 and 16.21** Tick box 16.20 or 16.21 to say whether you or your partner had the higher income. The definition of income for this purpose is an individual's total income minus all deductions that can be set off against income, but before deduction of personal allowances; see the example under 'What is meant by higher income?' on page 29.

**box 16.22** Tick box 16.22 if either you or your partner paid tax at the higher rate in the year ended 5 April 2003. You pay tax at the higher rate if your income, as defined above, minus your personal allowance or any blind person's allowance you are able to claim exceeds the basic rate limit of £29,900. This basic rate limit can increase if you made Gift Aid payments or payments to a personal pension plan. You should talk to your Inland Revenue office if you are unsure what your or your partner's basic rate limits will be, based on your particular circumstances.

- If you ticked boxes 16.20 and 16.22 your entitlement will be reduced; your partner cannot claim CTC.
- If you ticked boxes 16.21 and 16.22 your partner's entitlement will be reduced; you cannot claim CTC
- If neither of you were liable at the higher rate you should tick one of boxes 16.23 to 16.25.

**boxes 16.23 to 16.25** Tick one of these boxes to show what allocation of CTC you and your partner have settled on. You can only tick box 16.25 if both you and your partner elected before 6 April 2002 for the whole of your entitlement to CTC to go to the partner who had the lower income. There are special circumstances which allowed you to make an election during the tax year ending 5 April 2003; they are:

- you didn't make an election before 6 April 2002 but notified your Inland Revenue office by 5 April 2002 that you would be electing and then made the election by 5 May 2002
- you married your partner, or you started living with your partner as man and wife, during the year
- you are able to claim for a child for the first time and there was previously no other child who could have been claimed for (an example of this would be the birth of a first child)
- at the time an election was made it was assumed that the partner who was the higher income partner in the previous year would be the lower income partner during the year ending 5 April 2003.

**box 16.26** Only complete this box if you separated or started living with your partner in the year ended 5 April 2003. Enter in box 16.26 the amount of CTC you have worked out from *Help Sheet IR343: Claiming Children's Tax Credit* when your circumstances change. If you are completing box 16.26 please make sure box 16.17 is blank.

- Transferring or using unused allowances

### boxes 16.27 to 16.30

#### Transferring unused allowances

You can transfer any 'unused' amount of married couple's allowance, blind person's allowance, or CTC.

You are entitled to do this if:

- you did not have enough income in the year ended 5 April 2003 to use up the allowance, **and**
- you lived with your spouse for at least part of that year.

For CTC, spouse means the person you lived with during the year to 5 April 2003, that is, your husband or wife, or someone you are not married to but with whom you lived as husband or wife.

If you want your spouse to have married couple's surplus allowance or blind person's surplus allowance, tick box 16.27. If you want your partner to have your surplus CTC, tick box 16.30. Please give details of your spouse's (your partner, for CTC purposes) name, address, tax reference, National Insurance number and Inland Revenue office in the 'Additional information' box, box 23.5 on page 9 of your Tax Return.

#### Using unused allowances

If your spouse did not have enough income in the year ended 5 April 2003 to use any or all of their married couple's allowance or blind person's allowance (if due), you can ask for the surplus to be transferred to you. You can use this surplus to reduce the Income Tax you have to pay.

To claim the unused allowance, tick box 16.28 and please give details of your spouse's name, address, tax reference, National Insurance number and Inland Revenue office in the 'Additional information' box, box 23.5 on page 9 of your Tax Return.

If you are unsure whether you can get surplus allowances from your spouse, ask your Inland Revenue office or tax adviser for help.

If your partner did not have enough income in the year ended 5 April 2003 to use any or all of their CTC you can ask for the surplus to be transferred to you to reduce the Income Tax you have to pay. To claim the unused CTC tick box 16.29 and please give details of your partner's name, address, tax reference, National Insurance number and Inland Revenue office in the 'Additional information' box, box 23.5 on page 9 of your Return. If you need help, ask your Inland Revenue office or your tax adviser.

**boxes 16.31 to 16.33** Complete these boxes if you are calculating your tax. If your spouse (your partner, for CTC purposes) has given you a figure and you agree with it, enter that amount.

- Enter in box 16.31 the amount of the blind person's surplus allowance you can have.
- Enter in box 16.32 the amount of the married couple's surplus allowance you can have.
- Enter in box 16.33 the amount of CTC surplus allowance you can have.

If you are not sure of the figure you should use, ask your Inland Revenue office or tax adviser.

### Q17 Are you liable to make Student Loan Repayments for 2002-03 on an Income Contingent Student Loan?

**If not applicable, go to Question 18.**

Repayments of Income Contingent Student Loans are collected by the Inland Revenue (for new borrowers, from August 1998).

If you have an income contingent loan and the Student Loans Company has notified you that repayment commenced before 6 April 2003 then you should tick the 'Yes' box unless you have been told in writing before 1 January 2004 that your loan was repaid in full. If the following circumstances arise then you will need to contact your Inland Revenue office:

- if you receive confirmation that you have fully repaid your loan before 1 January 2004 after submitting your Tax Return,
- you have not been informed that your loan has been repaid in full but the student loan repayment due on 31 January 2004 exceeds the balance of the loan outstanding at that date

Do not tick the 'Yes' box if you are a **full time** teacher in England and Wales and have received notification from the Student Loans Company that you are liable to make repayments but no deductions are due as you have been accepted on the Repayment of Teachers' Loans Scheme.

If you are calculating your tax use *Help Sheet IR235* to work out the Student Loan Repayment due and enter the amount in box 18.2A.

### Q18 Do you want to calculate your tax and, if appropriate, any Student Loan Repayment?

**If not applicable, go to Question 19.**

If you choose to calculate your tax, tick the 'Yes' box, then do your calculation and fill in boxes 18.1 to 18.8.

I need this information to check that you have got it right.

Your Tax Calculation Guide explains what to put in the boxes but it's not too late to consider filing your Tax Return on line. You'll get an immediate acknowledgement and your tax will be calculated automatically. Go to [www.inlandrevenue.gov.uk/e-tax](http://www.inlandrevenue.gov.uk/e-tax)

### **Q19** Do you want to claim a repayment if you have paid too much tax?

**If not applicable, go to Question 20.**

Tick the 'Yes' box to claim a repayment. Fill in boxes 19.1 to 19.12, as appropriate. Note, if you have an amount to pay that is due in the near future (usually within 45 days) then we will generally set off any repayment against this liability. Also, we would prefer not to make repayments of small amounts, because of administrative costs. So if the overpaid tax is below £10 we will normally set it against your next tax bill. But if you do not agree with these set-offs, please contact your Inland Revenue office.

If you do not claim a repayment, then any amount you are owed will be set against your next tax bill.

#### **boxes 19.1 to 19.12**

Tick box 19.1 if you want the repayment sent to your bank or building society. You'll receive the repayment sooner if we make it direct to your bank or building society, and you won't have to take a cheque to the bank yourself. Tick box 19.8A if you want the repayment to be sent by cheque to you at your home address.

Tick box 19.2 if you want the repayment sent direct to your nominee's bank, or building society account. Tick box 19.8B if you want a cheque sent to your nominee and tick box 19.9A if your nominee is your agent. Fill in boxes 19.3 to 19.7 to give details of your account or, if you want the repayment to go to a nominee's account, of that account. If you have ticked box 19.2 fill in boxes 19.9 to 19.11, as appropriate, to give details of your nominee. **You must sign box 19.12.**

Please note that we reserve the right not to make a repayment to your nominee, and will not normally make a repayment to an overseas nominee.

### **Q20** Have you already had any 2002-03 tax refunded or set off by your Inland Revenue office or the Benefits Agency (in Northern Ireland, the Social Security Agency)?

**If not applicable, go to Question 21.**

Tick the 'Yes' box and fill in box 20.1.

#### **box 20.1**

Enter in box 20.1 the amount of any repayment of 2002-03 tax you have already received. You should include repayments of any:

- CIS25 deductions
- PAYE tax
- tax paid on investment income,

which have been repaid to you directly by your Inland Revenue office or the DWP Benefits Agency.

You should also include in box 20.1 similar amounts which have not been refunded to you but have been reallocated to other liabilities, including CIS25 deductions set against other liabilities.

### **Q21** Is your name or address on the front of the Tax Return wrong?

**If not applicable, go to Question 22.**

Tick the 'Yes' box and make the corrections on the front of your Tax Return.

If you do use an approved substitute Tax Return then you should draw our attention to a change of address within the last 12 months by putting the words 'NEW ADDRESS' alongside the address box on page 1 of the Tax Return. Alternatively, you can provide your new address in box 23.5 on page 9 of the Tax Return. Approved Substitute Tax Returns may be used in place of the official printed forms under the terms of Inland Revenue *Statement of Practice SP5/87*.

### **Q22** Please give other personal details

#### **box 22.1**

Please give a daytime telephone number - this will help us if we need to contact you about your Tax Return.

#### **boxes 22.2 and 22.3**

If you have an agent, please enter your agent's name and address in boxes 22.2 and 22.3.

#### **box 22.4**

If you are self-employed enter in box 22.4 your first two forenames.

#### **box 22.5**

It would be helpful if you enter your marital status in box 22.5. This information does not affect your tax bill but is useful for statistical purposes.

#### **box 22.6**

Please enter your date of birth in box 22.6. This is very important if you were born before 6 April 1938 as you may get a higher age related personal allowance.

#### **box 22.7**

If you are self-employed enter in box 22.7 your National Insurance number, if you know it.

### **Q23** Tick boxes and give additional information as appropriate

#### **box 23.1**

If you pay tax through PAYE and the amount you owe for 2002-03 is less than £2,000, I will, if possible, collect it through your tax code for 2004-05 providing your Tax Return reaches me by the required date (see 'Key Dates' on page 3).

If I collect the amount you owe through your tax code for 2004-05, I will reduce the amount I use in the calculation of your payments on account for 2003-04 by this amount.

Tick box 23.1 **if you do not** want any tax you owe for 2002-03 collected through your tax code.

#### **Provisional figures**

#### **box 23.2**

Do not delay sending your Tax Return just because you do not have all the information you need. You must do your best to obtain the information, but if you cannot provide final figures by the time you need to send your Tax Return, then provide provisional amounts.

Tick box 23.2 and say in the 'Additional information' box, box 23.5, which figures are provisional (refer to appropriate box numbers in your Tax Return).

It would also help me if you say in box 23.5:

- why you could not give final figures, and
- an approximate date on which you expect to give me your final figures.



If you use provisional figures you must have taken all reasonable steps to get the final figures, and ensure that they are sent as soon as they are available. You could be charged a penalty if you did not have a good reason for using a provisional figure or you did not take sufficient care to calculate the provisional figure in a reasonable amount. I would not regard pressure of work either on you or your tax adviser, or the complexity of your affairs, as reasons for using a provisional figure.

You must ensure that any provisional figures you do include are reasonable and take account of all the information available to you.

If you negligently submit a provisional figure which is either inaccurate, or unnecessary, you may be liable to a penalty.

### Estimates (including valuations)

In some situations you may need to provide an estimated figure or valuation which you do not intend to amend at a later date.

Broadly, this will be the case when:

- a valuation is required (for example, of an asset at a certain date for the purposes of calculating Capital Gains Tax liability), or
- there is inadequate information to enable you to arrive at a reliable figure (for example, where the records concerned have been lost or destroyed), or
- while there is inadequate information to arrive at a precise figure, a reliable estimate can be made (for example, where the private proportion of an expense, such as motoring expenses, has been calculated on the basis of the detailed records of a representative sample period).

You should identify any valuations you have used, either by ticking the appropriate box in the Tax Return (where there is one) and providing the details that the notes ask for, or by identifying the figure in the 'Additional information' box, box 23.5 on page 9 of your Tax Return, and giving details of the valuation. Do not tick box 23.2.

You should also identify any figures in your Tax Return which may not be very reliable; where appropriate, explain how the figure has been arrived at. But if you are including an estimate which, while not a precise figure is sufficiently reliable to enable you to make an accurate Tax Return, there is no need to make specific reference to it.

#### box 23.3

Tick box 23.3 if you are claiming relief now for 2002-03 trading or certain capital losses. Enter the amount of the loss and the year for which you are claiming relief in the 'Additional information' box, box 23.5.

#### box 23.4

Tick box 23.4 if you are claiming to have post-cessation or other business receipts taxed as income of an earlier year. Enter the amount and year in the 'Additional information' box, box 23.5.

## Q24 Declaration

Tick the boxes to show which Pages of your Tax Return you have filled in. Make sure you send back any loose supplementary Pages. If you have filled in more than one set of Employment, Self-employment or Partnership Pages, enter the number of sets of those pages in the box next to the tick box.

### If you have filled in your Tax Return

Sign and date the form in box 24.1.

### If you have had your Tax Return filled in for you by someone else

If you have had your Tax Return filled in for you by someone else, acting on your behalf, you must still sign the Return yourself to confirm to us that, to the best of your knowledge, it is correct and complete. This applies whether you have paid for the services of an accountant or other tax practitioner, or have simply had help from a friend or relative.

You should always allow sufficient time for checking and signing your Tax Return if it has been completed by someone on your behalf (particularly if you are likely to be abroad near the deadline for sending the Return back to me). Failure to make appropriate arrangements could mean that you miss the deadline and are charged penalties and interest.

### Exceptional circumstances in which someone other than the taxpayer can sign a Tax Return

After someone dies, an executor may complete and sign a Tax Return for the period from 6 April up to the date of their death.

For persons who are mentally incapable of understanding the Tax Return it may be completed and signed on their behalf by the following authorised persons:

- a Receiver appointed by the Court of Protection (England and Wales)
- a Curator Bonis appointed by the Office of the Accountant of Court (Scotland)
- a Controller appointed by the Office of Care and Protection (Northern Ireland)
- an Attorney appointed under an Enduring Power, registered in the appropriate court, or
- any person so authorised by any of the above courts.

If you are signing for someone else:

- enter the capacity in which you are signing in box 24.2, and
- the name of the person you are signing for in box 24.3, and
- print your name and address in box 24.4.

## Notes

Description			
Totals			

### ■ Your Statement of Account

If I receive your completed Tax Return by 30 September 2003, I will send you a statement showing how much tax you owe us, or we owe you, before any final payment is due on 31 January 2004. It will also explain how to pay.

If I receive your completed Tax Return after 30 September 2003, I cannot guarantee to process it in time to let you know how much to pay on 31 January 2004.

This might mean that you have to estimate how much to pay. I will send you a payslip with either a Statement of Account or a reminder. If you pay too little, you will have to pay interest (and perhaps a surcharge). If you pay too much and have claimed a repayment, I will repay it with any interest due. If you do not claim a repayment I will set the amount due, plus any interest, against your next tax bill.

### ■ If you pay tax through PAYE

If I receive your Tax Return by the required date (see 'Key Dates' on page 3) and the tax you owe is less than £2,000 in total, I will, if possible, collect the tax you owe by adjusting your tax code for 2004-05. I will send you a statement to show you that I have done this or let you know if for any reason I can't do so.

If you don't want me to collect your tax by adjusting your tax code, tick box 23.1 on page 9 of your Tax Return.

### ■ If you make payments on account

Some people may have to make 'payments on account'. Each payment will normally equal one half of the previous year's tax liability (after taking off tax deducted at source and tax credits on dividends). The payments are due on 31 January in the tax year and 31 July following the tax year.

If you needed to make payments on account for the year to 5 April 2003, I will already have sent you a statement of the first payment on account due by 31 January 2003. I will send you another statement in June or July with details of the second payment on account.

If the payments on account add up to less than you owe for 2002-03, you must pay the difference by 31 January 2004.

If the payments on account add up to more than the tax bill for 2002-03, I will repay the difference if you have claimed a repayment in Question 19 on your Tax Return, or if not, I will set it against your next tax bill.

When you settle your tax bill for 2002-03 by 31 January 2004 you must also pay any first payment on account for 2003-04.

If you have asked me to work out your tax, I will tell you how much to pay on account.

If you are working out your tax, the Tax Calculation Guide explains how to work out your payments on account.

Any Capital Gains Tax and Student Loan Repayments included in your 2002-03 tax bill will be excluded from the calculation of your 2003-04 payments on account. If you have asked me to work out your tax, I will exclude it from the amount I tell you to pay on account. If you are working out your tax, the Tax Calculation Guide excludes any Capital Gains Tax and Student Loan Repayments as you go through the boxes to work out your payments on account.

You can make a claim to reduce these payments if you expect your tax bill (net of tax deducted at source and tax credits on dividends) to be lower in 2003-04 than in 2002-03 - see your Tax Calculation Guide for further details.

Interest will be charged on late payments of payments on account. For details see 'If you do not pay your tax on time' in the next column.

### ■ Ways to pay

Pay to the Accounts Office by one of the following methods:

- Internet or telephone banking.
- at your bank
- Girobank
- at a Post Office
- by post.

The address of the Accounts Office and further details of how to pay are given on the back of the Statement of Account, Reminder or How to Pay leaflet.

You can also visit our website at

[www.inlandrevenue.gov.uk/how to pay](http://www.inlandrevenue.gov.uk/howto pay)

### ■ If you do not pay your tax on time?

I will charge interest on all late payments from the date the tax becomes due until it is paid. You will have to pay a surcharge on any tax for the year ending 5 April 2003, which is due by 31 January 2004, but is not paid by 28 February 2004. This surcharge will be:

- 5% of the tax paid late, and another
- 5% if the tax is paid later than 31 July 2004.

### ■ If you pay too much tax

If you do not claim a repayment, I will take the amount we owe you, plus any interest due, off your next tax bill.

If you do claim a repayment by ticking the 'Yes' box in Question 19, I will repay it, plus any interest due on the amount overpaid. Note, if you have an amount to pay that is due in the near future then we will generally set-off any repayment against this liability. Also, we would prefer not to make repayments of small amounts (below £10) because of administrative costs. If you do not agree with these set-offs, please contact your Inland Revenue office.

### ■ If your Tax Return is incorrect

If your Tax Return is incorrect and you have:

- **paid too much tax**, (see 'If you pay too much tax' above), or
- **not paid enough tax**, I will ask for further tax. I may charge you interest from the original due date, penalties and a surcharge.

### ■ If the notice requiring you to make your Tax Return was given after 31 July 2003

If the notice requiring you to make your Tax Return was given after 31 July 2003, I must receive it from you:

- within two months of the date the notice was given if you want me to work out your tax, or
- by the later of 31 January 2004 and three months after the date the notice was given if you want to work out your tax.

If the notice requiring you to make your Tax Return was given after 31 October 2003 and you had notified me by 5 October 2003 of income and gains taxable for the year 2002-03, then the tax is due three months after the date the notice was given. In all other cases, the tax is due on 31 January 2004. I will charge interest on any tax paid after the due date. A surcharge of 5% will also be made on any tax still unpaid more than 28 days after the due date.

The notice requiring you to make your Tax Return is 'given' on the day it is delivered to you. I will normally assume, for example, for the purpose of charging automatic penalties for the late submission of your Tax Return, that delivery will have taken place not more than seven days after the date of issue shown on the front of it.

## If you have a complaint

Problems can usually be settled most quickly and easily by the office you have been dealing with. You will always be given a contact name or number in any correspondence we send you. This may be the person who has been dealing with your case, or the Area Director of the office or unit concerned.

If you cannot settle a matter with the office you have been dealing with, you can write to:

- the Director with overall responsibility for that office or unit, **or**
- if the problem concerns the service you have been given by an Accounts Office, the Director of that Office.

The Director will look into your case and quickly let you know the outcome. Booklet *COP1: Putting things right when we make a mistake* contains more information, including the names and addresses of Directors. If you do not know which Director to write to please ask your own office.

### If you are still not happy

If the Director has not been able to settle your complaint to your satisfaction, you can ask the Adjudicator to look into it and recommend appropriate action. The Adjudicator is an impartial referee whose recommendations are independent.

The Adjudicator's address is:

The Adjudicator's Office  
Haymarket House  
28 Haymarket  
London  
SW1Y 4SP

Telephone 020 7930 2292      Fax 020 7930 2298

The Adjudicator's leaflet AO1 (also obtainable from Inland Revenue offices) gives information about complaining to the Adjudicator.

Finally, you can ask your MP to refer your case to the independent Parliamentary Commissioner for Administration (usually known as the Ombudsman). The Ombudsman will accept referral from any MP, but you should approach your own MP first. Further information is available from:

The Parliamentary Commissioner for Administration  
Millbank Tower  
Millbank  
LONDON  
SW1P 4QP

Telephone 0845 015 4033      Fax 020 7217 4160

## Our service commitment to you

The Inland Revenue and Customs and Excise are committed to serving your needs well by

### Acting fairly and impartially

We

- treat your affairs in strict confidence, within the law
- want you to pay or receive only the right amount due.

### Communicating effectively with you

We aim to provide

- clear and simple forms and guidance
- accurate and complete information in a helpful and appropriate way.

### Providing good quality service

We aim to

- handle your affairs promptly and accurately
- be accessible in ways that are convenient to you
- keep your costs to the minimum necessary
- take reasonable steps to meet special needs
- be courteous and professional.

### Taking responsibility for our service

- We publish annually our customer service aims and achievements.
- If you wish to comment, or make a complaint, we want to hear from you so we can improve our service. We advise you how to do this.

### We can provide a better service if you help us by

- keeping accurate and up to date records
- letting us know if your personal/business circumstances change
- giving us correct and complete information when we ask for it
- paying on time what you should pay.

Further information on customer service is available at Inland Revenue and Customs and Excise local offices, set out in our Charter, complaints leaflet (IR120 and Notice 1000) and Codes of Practice.

The Inland Revenue is a Data Controller under the Data Protection Act. We hold information for the purposes specified in our notification made to the Data Protection Commissioner, and may use this information for any of them.

We may get information about you from others, or we may give information to them. If we do, it will only be as the law permits, to:

- check accuracy of information
- prevent or detect crime
- protect public funds.

We may check information we receive about you with what is already in our records. This can include information provided by you as well as by others such as other government departments and agencies and overseas tax authorities. We will not give information about you to anyone outside the Inland Revenue unless the law permits us to do so.

*These notes are for guidance only, and reflect the position at the time of writing. They do not affect any rights of appeal.*