

## Taxation Of Discretionary And Bare Trusts (2021/22)

		Discretionary trust	Bare trust
Person liable for IT on income received by trust		Trustees	Beneficiary
Tax rates applying on:	Non-dividend income	20% on income in standard rate band 45% (trust rate) on income over standard rate band	0%, 20% 40% 45%
	Dividend income	7.5% on income in standard rate band 38.1% (dividend trust rate) on income over standard rate band	0%, 7.5%, 32.5% 38.1%
Person liable for CGT on capital gains made by the trustees		Trustees	Beneficiary
Tax rates applying on:	Capital gains	20%	10%, 20%
	CGT annual exemption	£6,150	£12,300
Lifetime gift into trust	Chargeable lifetime transfer by settlor	Potentially exempt transfer by settlor	
Other IHT charges	10 year old and exit charges apply	Trust fund included within beneficiary's IHT estate	