Part 19-03-06

This document should be read in conjunction with section 574 of the Taxes Consolidation Act 1997.

Document last reviewed May 2018.

The information in this document is provided as a guide only and is not professional advice, including legal advice. It should not be assumed that the guidance is comprehensive or that it provides a definitive answer in every case.
Collection of tax from beneficiaries

6.1 Where -

(a) the tax on a chargeable gain accruing to trustees is not paid within six months of the due and payable date, and

(b) while the tax is still outstanding, the asset (or any part of the proceeds of sale of the asset) on which a gain arose is transferred by the trustees to any beneficiary who is absolutely entitled to it,

the tax outstanding may be assessed on that person in the name of the trustees at any time within two years from the date when it became payable by the trustees.

6.2 On the creation of a settlement, the settlor’s Revenue office is responsible for the settlor’s Capital Gains Tax liability and for advising the trustee’s Revenue office of the agreed values of each asset at the date of introduction into the settlement.

6.3 When a beneficiary becomes absolutely entitled to an asset, the Revenue office responsible for the trust should notify the beneficiary’s Revenue office of the nature of the asset transferred, the date of transfer, the agreed transfer value and any losses transferred to the beneficiary (see Tax Instruction Part 19-03-03 Par. 4).

6.4 Where a charge on the termination of a life interest is necessary (Tax Instruction Part 19-03-05 Par. 8) and the trustee has not already given full details (e.g. when submitting Form 1), he should be asked for a detailed statement of each of the chargeable assets of the trust indicating -

(a) the date of acquisition;

(b) the agreed cost or acquisition value;

(c) the market value at 6 April, 1974, where appropriate

(d) the market value at the date of termination of the life interest.

Supporting bills or receipts should be requested only where there is doubt about a taxpayer’s figure of cost or acquisition value in a material case.