



Schedule of beneficiary's estate or trust income

- Use this form for beneficiary's income and taxable distributions from a foreign or non-complying trust.
- Read the notes on the back before filling in this form.
- Attach this form to page 3 of your individual tax return.

For the year ended 31 March

Beneficiary's name

Beneficiary's IRD number (8 digit numbers start in the second box.

Trust's name

Trust's IRD number (8 digit numbers start in the second box.

Type of trust (please tick) Foreign Non-complying

Foreign trust (see note on the back)

Beneficiary's income

Interest (show gross amount) \$.

Dividends (show gross amount) \$.

Other (specify) \$.

Taxable distribution (show gross amount) \$.

Share of tax credits

Resident withholding tax \$.

Dividend imputation credits \$.

Dividend withholding payment credits and resident withholding tax \$.

Tax paid overseas (on beneficiary income above) \$.

Foreign non-resident withholding tax (deducted from taxable distribution above) \$.

Tax paid by trustees \$.

Non-complying trust (see note on the back)

Beneficiary's income

Interest (show gross amount) \$.

Dividends (show gross amount) \$.

Other (specify) \$.

Taxable distribution (show gross amount) \$.

Share of tax credits

Resident withholding tax \$.

Dividend imputation credits \$.

Dividend withholding payment credits and resident withholding tax \$.

Tax paid overseas (on beneficiary income above) \$.

Foreign non-resident withholding tax (deducted from taxable distribution above) \$.

Tax paid by trustees \$.

Important: Remember to attach this form to page 3 of your individual tax return.



Notes

Introduction

Any beneficiary who receives income or certain distributions from either a foreign trust or a non-complying trust must fill in an IR 307. The IR 307 helps us make sure that these distributions are taxed correctly in the hands of beneficiaries. (Use a separate form for each trust, if a beneficiary is in more than one trust.)

Beneficiaries in complying trusts do not need to complete this form.

Types of estates and trusts

• Complying trusts

Trusts that have paid tax in New Zealand on all their income since the date they began are complying trusts. They include:

- trusts settled by New Zealand residents with New Zealand trustees
- estates of people who were New Zealand residents when they died
- other trusts that have elected to become complying trusts.

A trust is not a complying trust if the only trustee income derived is non-resident withholding income.

• Foreign trusts

A trust or estate is a foreign trust where no settlor of the trust has been resident in New Zealand from the later of 17 December 1987 or the date the trust was first settled.

• Non-complying trusts

Any trust which is not a complying or foreign trust is a non-complying trust. Generally this will be a trust that has been settled by a New Zealand resident with the non-resident trustees, and which has not been subject to New Zealand tax on all trustee income derived since the trust was first settled.

Beneficiary income

Beneficiary income is income which vests absolutely in a beneficiary during the income year in which it is derived by the estate or trust, or which is paid or applied to or for the benefit of the beneficiary within six months from the end of that year.

Taxable distribution

A taxable distribution is a distribution to a beneficiary from a foreign or a non-complying trust, that is not a distribution:

- of beneficiary income, or
- from corpus, or
- in the case of a foreign trust, from capital profits or gains from transactions with non-associated persons.

Distributions of accumulated trustee income and capital profits or gains that were derived by the trust in the 1988 or earlier income years are not treated as taxable distributions.

Special rules exist to work out what each distribution is made of, to decide whether a taxable distribution has been made. These rules are explained in our booklet *Trusts' and estates' income tax rules (IR 288)*. You can view a copy on our website at www.ird.govt.nz or you can order one by calling 0800 257 773.

Overseas tax credits

Credit for overseas tax paid on a taxable distribution received by a New Zealand beneficiary is available only if the tax deducted by the overseas country is like New Zealand non-resident withholding tax.

Show only the share of total foreign withholding tax deducted which is attached to the taxable part of the total distributions received from the trust during the year. Attach proof of the foreign non-resident withholding tax paid.

Details to show in the beneficiary's income tax return

• Income

On IR 3 returns there is a separate box for "Total taxable distributions from non-complying trusts" under "New Zealand estate or trust income". This is because these taxable distributions are taxed at a different rate. Show all taxable distributions from non-complying trusts in this box in the return. We will show the tax on these distributions on your notice of assessment.

Show New Zealand interest and dividend beneficiary income from this form in the "New Zealand interest" or the "New Zealand dividends" boxes in the return, as applicable.

Show other beneficiary income and taxable distributions from foreign trusts in the "New Zealand estate or trust income" or "overseas income" boxes in the return, as applicable.

For other income tax returns, follow the instructions in the return guide about what to include in your return.

• Credits

All the resident withholding tax, imputation credits, dividend withholding payment credits and dividend resident withholding tax must be shown in the appropriate box under "New Zealand interest or New Zealand dividends". Tax paid by trustees should be shown in the box under "New Zealand estate or trust income". Credits for tax paid overseas and/or foreign non-resident withholding tax deducted from taxable distributions should be claimed at the overseas income question in the return. The credit will be limited to the New Zealand tax payable on the overseas income.

For more help

If you want more information or need any help completing this form, contact the trust's agent or phone us on 0800 377 774.