

Trustees as well as beneficiaries in a *mixed trust* always pay the tax rates stipulated for the respective portion of income.

Some other forms of mixed trusts exist: In the *settlor-interested* trust, the *settlor* keeps some particular rights, for instance as to the income generated. In *non-resident trusts*, all or some of the trustees do not live in the UK. The *special trusts* are founded for charitable purposes as well as for pension funds, investment funds or employee provision funds.

10.8. Trusts and Capital Gains

Trustees are subject to taxation for all profits that exceed a specific tax-exempt amount; the applicable tax rate depends on the form of the trust. The beneficiaries do not make any payments to the tax authorities with respect to the trust profits, but cannot claim any tax refund on payments made by the trustees either.

Annual tax exemption for trusts is half the amount of the exemption granted to an individual. Only under certain conditions, for example when a trust serves to benefit a disabled person, the trustee is subject to the same tax exemption as an individual.

If a settlor has several trusts, the annual tax exemption is correspondingly limited, proportionally based on the number of settlements formed since 6 June 1978 and which are still in existence.