

## Return of distribution

### SECTION A - General information

A Return of distribution to beneficiaries form (Form ITF-C) is to be completed in the case of any foundation resident in Gibraltar that has made a distribution to its beneficiary or beneficiaries in a year of assessment.

All the information requested in this return should be duly provided, otherwise there is the possibility that either the distribution may be incorrectly assessed on the beneficiary or the corresponding tax credit incorrectly allocated.

#### Details of foundation

Name of foundation

Taxpayer reference

Year of assessment

#### Analysis of net distribution

##### Distribution type - S. 12 A ITA 2010

Section B (1)

Section B (2)

Section B (3)

Name of beneficiary	Taxpayer Reference	Taxable income (exc. dividends) £	Non-taxable income £	Net dividend income £	Capital £	Use of asset £	Loan £	Total £
<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"/> <b>1</b>	<input type="text"/> <b>2</b>	<input type="text"/> <b>3</b>	<input type="text"/> <b>4</b>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Total net distribution

£  [Box 1] + [Box 2] + [Box 3] + [Box 4]

(Please attach additional schedules as needed)

## SECTION B - Distribution type

There is no pre-determined format in which your workings should be set out and you are welcome to provide these in whatever manner you wish. Please note however it is imperative that supporting calculations and schedules are clear, understandable and adhere to the requirements of the Income Tax Act 2010 ("ITA 2010"). We will need to check the accuracy of your return and therefore you are required to submit your calculations and schedules.

### B (1) - Income or capital of the foundation: Guidance for workings and supporting calculations

- Accumulated income must be analysed between 'taxable' income, 'non-taxable' income and 'chargeable dividends' received.  
'Taxable' income is income that is derived from chargeable sources of income under the ITA 2010, including net dividends (which are derived from income chargeable under ITA 2010).  
'Non-taxable' income is any income that is derived from non-chargeable sources of income under the ITA 2010.
- The analysis referred to above will need to be done for each accounting period since 1 January 2011 and as an aggregate balance in respect of all earlier accounting periods (i.e. in order to determine the opening balances as at 1 January 2011).
- A distribution made by a foundation should be matched against the income of the foundation in the following order:
  - 1st - Taxed income of the year of assessment.
  - 2nd - Taxed income of preceding years of assessment since 1 January 2011 on a 'First In First Out' ("FIFO") basis.
  - 3rd - Non-taxed income of the year of assessment.
  - 4th - Non-taxed income of preceding years of assessment since 1 January 2011 on a 'First In First Out' ("FIFO") basis.
  - 5th - Capital of the trust.
- A distribution matched to income/capital should be proportionately split between the applicable beneficiaries on a pro rata basis.
- A beneficiary or beneficiaries that are liable to tax on a distribution received are entitled to a set-off against their liability not exceeding the tax paid on the foundation.

### B (2) - Use of foundation asset by beneficiary: Guidance for workings and supporting calculations

The asset may be owned or leased by the foundation or any person substantially controlled by the foundation (as defined in schedule 4 of the ITA 2010).

The benefit derived by a husband or wife from the occupation, under a life interest created under the will of either one of the other, of the principal matrimonial home occupied by both prior to the death of either one of them is not a distribution under the ITA 2010.

**SECTION B - Distribution type (contd.)**

Quantum of distribution on beneficiary - [1] if the asset is owned by the foundation it is the cost to the foundation of providing that same asset to the beneficiary on the open market and [2] if the asset is leased by the foundation it is the cost to the foundation of leasing that asset.

Documentary evidence in support of your cost claim referred to above must be submitted to this Office. The claim may be based on a similar or equivalent asset to the one made available for use. This Office may conduct enquiries as necessary in order to be satisfied with the declaration made.

**B (3) - Loan to beneficiary: Guidance for workings and supporting calculations**

Income received from a foundation includes any loan made by the foundation to a beneficiary of that foundation or to any person connected with the beneficiary. The meaning of connected person is that given in paragraph 9 of schedule 4 of the ITA 2010.

The balance that should be included is the balance outstanding as at the end of the year of assessment for which this return is being filed.

**SECTION C - Distribution schedule**

- The full name and residential address of each beneficiary who is in receipt of income from the distribution of the foundation should be provided. If the beneficiary is a corporate entity then please provide the registered office.
- The distribution schedule should specify whether the beneficiary is ordinarily resident ("R") or non-resident ("NR"). Only ordinarily resident beneficiaries are liable to tax on distributions received. The definition of ordinarily resident is set out in section 74 of the ITA 2010.
- The taxpayer reference of each beneficiary should be provided in the distribution schedule. If the beneficiary has not previously been registered with the Income Tax Office, this should be done immediately so that a reference may be allocated to them and they are correctly assessed to tax.
- A credit is provided to the beneficiary in respect of the tax already suffered on the income being distributed. Foundations are liable to tax at the standard rate of tax. The amount of credit allowed on the beneficiary is limited to the tax paid by the foundation or the dividend credit utilised by the foundation to set-off its tax liability.
- The gross income of the beneficiary is the amount received from the distribution including the tax credit (i.e. the amount on which the beneficiary will be assessed). The credit will be provided as a set-off once the beneficiary's own tax assessment is prepared.

### SECTION C - Distribution schedule

Name of beneficiary	Taxpayer Reference	R / NR	Net distribution made £	Tax credit* £	Gross income £
<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"/>

*(Please attach additional schedules as needed)*

\* Tax credit limited to tax paid by foundation or dividend credit utilised by foundation to set-off its liability to tax

### SECTION D - Declaration

The information presented in this return is correct and complete to the best of my knowledge and belief.

Signature

Name of declarant

Date

*Any person signing this declaration must be an authorised signatory of the foundation and if signing on behalf of a professional councillor must state the name of the individual signing the return and the capacity in which they are authorised to do so.*