CONSOLIDATED TAX CERTIFICATE GLOSSARY

If you need advice, please contact an appropriate professional financial advisor. Information can also be supplied by your local Tax Office. We do not provide tax advice.

UK EQUITIES AND SCRIP DIVIDENDS	(i)The amounts shown in the dividend payable and tax credit/notional tax boxes should be shown separately in your tax return. The tax credit/notional tax is available to be set-off against any income tax chargeable on your total income. If you are a starting or basic rate taxpayer, the tax credit/notional tax attached to the dividends means that you have no further tax to pay. If you are liable to pay income tax at the higher rate, there will be additional tax to pay. (ii) If you are a UK resident, tax credits on dividends are not repayable to you.
DIVIDENDS DISTRIBUTIONS FROM UK AUTHORISED UNIT TRUSTS AND OPEN-ENDED INVESTMENT COMPANIES	(i) The amount shown in the dividend payable and tax credit boxes should be shown separately on your tax return. The tax credit is available to be set-off against any income tax chargeable on your total income. If you are a starting or basic rate taxpayer, the tax credit attached to the dividends means that you have no further tax to pay. If you are liable to pay income tax at the higher rate, there will be additional tax to pay. (ii) If you are a UK resident, tax credits on dividends are not repayable to you. (iii) Equalisation is accrued income included in the price of units/shares (Group 2 units/shares) purchased during the period. It should be deducted from the cost of units/shares for capital gains tax purposes and is not subject to income tax. (iv) Group 2 units/shares are the units/shares purchased during the distribution period and which were held at close of business on the period end date. They may constitute all or part of your total holding. Group 1 units/shares are those purchased prior to the distribution period. (v) A unitholder/shareholder within the charge to UK corporation tax receives the dividend distribution excluding any equalisation as unfranked income to the extent that the gross income less tax from which the dividend distribution is made is not franked investment income. The unfranked part of the distribution is received as an annual payment from which income tax at the lower rate has been deducted. The maximum amount of income tax which may be reclaimed from HM Revenue & Customs is the corporate unitholder's/shareholder's portion of the fund's net liability to corporation tax in respect of the gross income.
UK INTEREST	(i) If you are required to complete a tax return you should show the amounts shown in the income tax and net interest boxes separately. Where income tax is deducted, it is deducted at the lower rate and is available to be set against any income tax chargeable on your total income. If the income tax deducted at the lower rate exceeds your income tax liability you are entitled to make a claim to HM Revenue & Customs to have the excess repaid to you. (ii) You will only have to pay additional tax on this income if you are a higher rate taxpayer. (iii) Interest paid on UK Treasury Stocks (Gilts) is paid at the gross rate.
INTEREST DISTRIBUTIONS FROM UK AUTHORISED UNIT TRUSTS AND OPEN-ENDED INVESTMENT COMPANIES	(i) If you are required to complete a tax return you should show the amounts shown in the income tax and net interest boxes separately. Income tax is deducted at the lower rate and is available to be set against any income tax chargeable on your total income. If the income tax deducted at the lower rate exceeds your income tax liability you are entitled to make a claim to the HM Revenue & Customs to have the excess repaid to you. (ii) You will only have to pay additional tax on this income if you are a higher rate taxpayer. (iii) Equalisation is accrued income included in the price of units/shares (Group 2 units/shares) purchased during the period. It should be deducted from the cost of units/shares for capital gains tax purposes and is not subject to income tax. (iv) Group 2 units/shares are the units/shares purchased during the distribution period and which were held at close of business on the period end date. They may constitute all or part of your total holding. Group 1 units/shares are those purchased prior to the distribution period. (v) A unitholder/shareholder within the charge to UK corporation tax should include the gross distribution in their corporation tax return. Where it is appropriate to do so, income tax is deducted at the lower rate whether or not the corporate unitholder/shareholder is UK resident.
NON-UK EQUITIES	(i) The amounts shown in the net dividend paid box should be shown in your tax return, together with any foreign withholding tax. (ii) Withholding Tax – Before income is paid to unitholders, shareholders or bondholders, the payer is required to deduct tax and pay that tax over to the Revenue authority of the country concerned. This tax is called withholding tax. (iii) Treaty Relief – Relief under a double taxation agreement. This can be given in one of three ways: • By treating the income as being fully taxed in the country of source and exempt in the country of residence • By allowing the recipient to treat the withholding tax as a credit against the income or corporation tax liability in the country of residence • By treating the income as exempt in the country of source (payment made gross or withholding tax repaid) and fully taxed in the country of residence. (iv) Unilateral Relief – Relief given in the tax legislation of a country to deal with a situation where no double taxation treaty exists. Unilateral relief is usually given by allowing the withholding tax as a credit against the income tax liability in the country of residence subject to certain limits.
DIVIDENDS FROM OVERSEAS UNIT TRUSTS AND OTHER INVESTMENT FUNDS	(i) The amount shown in the dividend paid box should be shown on your tax return, together with any foreign withholding tax. (ii) Equalisation is accrued income included in the price of units/shares (Group 2 units/shares) purchased during the period. It should be deducted from the cost of units/shares for capital gains tax purposes and is not subject to income tax. (iii) Group 2 units/shares are the units/shares purchased during the distribution period and which were held at close of business on the period end date. They may constitute all or part of your total holding. Group 1 units/shares are those purchased prior to the distribution period. (vi) Withholding Tax – Before income is paid to unitholders, shareholders or bondholders, the payer is required to deduct tax and pay that tax over to the Revenue authority of the country concerned. This tax is called withholding tax. (v) Treaty Relief – Relief under a double taxation agreement. This can be given in one of three ways: • By treating the income as being fully taxed in the country of source and exempt in the country of residence

	• By allowing the recipient to treat the withholding tax as a credit against the income or corporation tax liability in the country of residence • By treating the income as exempt in the country of source (payment made gross or withholding tax repaid) and fully taxed in the country of residence. (vi) Unilateral Relief – Relief given in the tax legislation of a country to deal with a situation where no double taxation treaty exists. Unilateral relief is usually given by allowing the withholding tax as a credit against the income tax liability in the country of residence subject to certain limits.
NON-UK INTEREST	(i) If you are required to complete a tax return you should show the amounts shown in the gross interest, foreign withholding tax and net interest boxes separately. (ii) Withholding Tax – Before income is paid to unitholders, shareholders or bondholders the payer is required to deduct tax and pay that tax over to the Revenue authority of the country concerned. This tax is called withholding tax. (iii) Treaty Relief – Relief under a double taxation agreement. This can be given in one of three ways: • By treating the income as being fully taxed in the country of source and exempt in the country of residence • By allowing the recipient to treat the withholding tax as a credit against the income or corporation tax liability in the country of residence •By treating the income as exempt in the country of source (payment made gross or withholding tax repaid) and fully taxed in the country of residence. (iv) Unilateral Relief – Relief given in the tax legislation of a country to deal with a situation where no double taxation treaty exists. Unilateral relief is usually given by allowing the withholding tax as a credit against the income tax liability in the country of residence subject to certain limits.
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