

Discretionary Trust tax calculator

User Guide

The Discretionary Trust Calculator

What is the discretionary trust calculator?

Once downloaded, the calculator shows the impact of the:

- Entry Charge on a gift into a discretionary trust
- Periodic Charge application at 10 year intervals
- Exit Charge on payments to beneficiaries.
- It also shows the impact of doing multiple trusts on the 10 yearly charge. This is known as Rysaffe planning.

What can it be used for?

The calculator can help you to:

- show your client the charges associated with a proposed discretionary trust
- help the trustees understand the tax charge at a forthcoming anniversary
- demonstrate the 'total loss' to the trust fund as a result of a payment to a beneficiary.
- show why you have recommended multiple smaller trusts instead of a single larger trust

How to use: Menu page

Select the type of charge you would like to calculate

The screenshot shows the Quilter Discretionary Trust UK IHT calculator interface. It features a header with the Quilter logo and the title 'Discretionary Trust UK IHT calculator'. Below the header is a descriptive sentence: 'This tool allows you to illustrate the tax charge that may apply at inception and during the life of your client's discretionary trust'. The main content area contains a vertical list of five menu items, each with a 'Select' button to its left. To the right of this list is a 'Rysaffe planning comparison' button. At the bottom of the interface is a disclaimer: 'Suitable for financial advice professionals only'.

Quilter Discretionary Trust UK IHT calculator

This tool allows you to illustrate the tax charge that may apply at inception and during the life of your client's discretionary trust

Select **Entry Charge** Select **Rysaffe planning comparison**

Select **Periodic Charge**

Select **Exit Charge - within first 10 years**

Select **Exit Charge - after 10 years**

Select **Print Summary**

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How to use: Entry Charge


This page shows the immediate tax liability on a gift into a discretionary trust – Chargeable Lifetime Transfer

You need the following information to complete this page:

- Amount of proposed gift
- Any previous gifts into discretionary trusts
- Current nil rate band
- The amount of any unused annual gift exemption (maximum of £6,000 which is two years' exemptions)

The tool will show you the entry charge payable for the proposed gift.

As the tax is calculated on the loss to the estate, the outcome is different depending on who is paying the tax.


Discretionary Trust UK IHT calculator

Proposed gift into trust (CLT) ¹	£0	Current nil rate band	£325,000
Previous CLT's in last 7 years ²	£0	Exemption applied to gift ³	£0
CLT Entry Charge (if paid from trust fund)		£0	
CLT Entry Charge (if paid by settlor)		£0	

[Print Summary](#)
[Back to Menu](#)

¹ The amount gifted into the discretionary trust is known as a Chargeable Lifetime Transfer or CLT
² Any previous gifts into other discretionary trusts
³ Value of exemptions that apply to the gift e.g. Annual exemption / normal expenditure / business relief

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How to use: Periodic Charge

This page shows the tax liability on the 10th (or 20th, 30th etc.) anniversary of a discretionary trust

You need the following information to complete this page:

- Value of trust fund on the day before the anniversary
- Historic value (when they were made) of gifts into a related settlement*
- Historic value of same-day additions**
- Current nil rate band
- Previous gifts into discretionary trusts which are not considered related
- Payments to beneficiaries in the 10 years before this charge which themselves were liable to an IHT charge

The tool will show you the tax charge payable by the trustees.


Discretionary Trust UK IHT calculator

<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Value of the trust fund¹</td> <td style="width: 20%; text-align: right;">£0</td> </tr> <tr> <td>Gifts into related settlements²</td> <td style="text-align: right;">£0</td> </tr> <tr> <td>Value of same day additions³</td> <td style="text-align: right;">£0</td> </tr> <tr> <td>Value of Notional transfer</td> <td style="text-align: right;">£0</td> </tr> <tr> <td>Aggregate chargeable transfer</td> <td style="text-align: right;">£0</td> </tr> <tr> <td>Effective rate</td> <td style="text-align: right;">0.00%</td> </tr> <tr> <td>IHT charge at 10 year</td> <td style="text-align: right;">£0 *</td> </tr> </table>	Value of the trust fund ¹	£0	Gifts into related settlements ²	£0	Value of same day additions ³	£0	Value of Notional transfer	£0	Aggregate chargeable transfer	£0	Effective rate	0.00%	IHT charge at 10 year	£0 *	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Current nil rate band</td> <td style="width: 20%; text-align: right;">£325,000</td> </tr> <tr> <td>Previous Chargeable Lifetime Transfers⁴</td> <td style="text-align: right;">£0</td> </tr> <tr> <td>Chargeable payments to beneficiaries in last 10 years⁵</td> <td style="text-align: right;">£0</td> </tr> <tr> <td>Available nil rate band for periodic charge</td> <td style="text-align: right;">£325,000</td> </tr> <tr> <td>Notional IHT (20% of aggregate chargeable transfer)</td> <td style="text-align: right;">£0</td> </tr> <tr> <td>Actual rate</td> <td style="text-align: right;">0.00%</td> </tr> </table>	Current nil rate band	£325,000	Previous Chargeable Lifetime Transfers ⁴	£0	Chargeable payments to beneficiaries in last 10 years ⁵	£0	Available nil rate band for periodic charge	£325,000	Notional IHT (20% of aggregate chargeable transfer)	£0	Actual rate	0.00%
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[Print Summary](#)
[Back to Menu](#)

¹ Value of the discretionary trust the day before the 10th anniversary
² Trusts are related if the settlor is the same and they were declared on the same day. Where this applies enter the value of the related trust(s) immediately after they commenced into this box.
 A trust may also be related where an addition has been made on the same day to two or more trusts. Where this applies, enter the value of the related trust(s) immediately after they commenced excluding the addition as this is entered below.
³ The value that has been added to another relevant property trust created by the same settlor on the same day as an addition made to this settlement. Do not include gifts to this trust or amounts already reported under the related settlements section.
⁴ Historic value of any gifts made into other discretionary trusts 7 years prior to the creation of this settlement which are not considered related
⁵ The value of any distributions to beneficiaries where proportionate charges were imposed in the ten years before this periodic charge
 * Relief against the tax rate at the ten year anniversary when the whole or part of the trust fund has not been relevant property for the full preceding ten years might be available but is beyond the scope of this tool
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*Related settlement

Trusts are 'related' if the settlor is the same and they were created on the same day or an addition has been made on the same day to both trusts.



**Same day additions

The value that has been added to another relevant property trust created by the same settlor on the same day as an addition made to this settlement


How to use: Exit Charge for payments to beneficiaries in the first 10 years of the trust

This page shows the tax liability on payments to beneficiaries

You need the following information to complete this page:

- Amount of gift into trust
- Gifts into related settlements*
- Additional values added to this trust since inception
- Value of same day additions**
- Current nil rate band
- The amount of any unused annual gift exemption (maximum of £6,000 which is two years' exemptions)
- Any previous gifts into discretionary trusts
- Number of complete quarters since inception and time of payment
- Distribution/payment amount

The tool will show you the tax charge payable by the trustees. The amount differs if deducted from the payment or if it is deducted from the remaining trust fund.


Discretionary Trust UK IHT calculator

Initial value of gift into trust	£0	Nil rate band	£325,000
Gifts into related settlements ¹	£0	Previous Chargeable Lifetime Transfers ³	£0
Additional values gifted into trust since setup	£0	Number of complete quarters since inception	0
Value of same day additions ²	£0		
Value of Notional transfer	£0	Available nil rate band for exit charge	£325,000.00
Aggregate chargeable transfer	£0	Notional IHT (20% of aggregate chargeable transfer)	£0
Effective rate	0.00%	Exit rate	0.00%
Distribution amount ⁴	£0	IHT charge on exit if tax deducted from payment	£0*
		IHT charge on exit if tax deducted from trust fund	£0*

[Print Summary](#)
[Back to Menu](#)

¹ Trusts are related if the settlor is the same and they were declared on the same day. Where this applies enter the value of the related trust(s) immediately after they commenced into this box.
 A trust may also be related where an addition has been made on the same day to two or more trusts. Where this applies, enter the value of the related trust(s) immediately after they commenced excluding the addition as this is entered below.
² The value that has been added to another relevant property trust created by the same settlor on the same day as an addition made to this settlement. Do not include gifts to this trust or amounts already reported under the related settlements section.
³ Any previous gifts into discretionary trusts in the 7 years prior to this settlement which are not related
⁴ This is the payment amount
 * Relief against the tax rate when the whole or part of the trust fund has not been relevant property for the full preceding ten years might be available but is beyond the scope of this tool

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*Related settlement

Trusts are 'related' if the settlor is the same and they were created on the same day or an addition has been made on the same day to both trusts.



**Same day additions

The value that has been added to another relevant property trust created by the same settlor on the same day as an addition made to this settlement

How to use: Exit Charge for payments to beneficiaries after 10 years

This page shows the tax liability on payments to beneficiaries

You need the following information to complete this page:

- Distribution/payment amount
- Number of complete quarters since last 10 year charge/calculation
- The settlement rate at the last 10 year calculation

The tool will show you the tax charge payable by the trustees. The amount differs if deducted from the payment or if it is deducted from the remaining trust fund.

Quilter Discretionary Trust UK IHT calculator

Distribution amount ¹	£0	Number of complete quarters since last periodic charge	0
Actual rate at previous periodic charge ²	0.00%	IHT charge on exit if deducted from payment	£0 *
		IHT charge on exit if deducted from trust fund	£0 *

[Print Summary](#)
[Back to Menu](#)

¹ This is the payment amount to a beneficiary
² This should be reworked if the nil rate band has changed since the last 10 year calculation or additions have been made to this settlement or a related settlement
* Relief against the tax rate when the whole or part of the trust fund has not been relevant property for the full preceding ten years might be available but is beyond the scope of this tool

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How to use: Print Summary

Print summary must be selected from the menu page or from any of the calculation pages

It shows a summary of the data entered and respective tax charge for each calculation carried out.

The page must be printed to provide a summary of the discussion you have had with your client.

UK discretionary trust tax summary - Suitable for financial advice professionals only

Date prepared
07/06/2024

Back to Menu

Quilter

This tool allows you to calculate UK IHT charges applicable to a discretionary trust. Before using this tool you need to obtain information of your clients holdings along with the gifting history of the settlor(s) and any exits or additional investments into the trust.

This tool doesn't take into account any reliefs that may be available for property that hasn't been within the trust for the full 10 years leading up to the periodic charge. For joint settlor cases previous gifts and available nil rate band needs to be included for both settlors.

You should be satisfied that the information you have entered and the results of any calculation are correct, before acting or refraining from acting in reliance upon the information given. We accept no responsibility for any incorrect tax reporting that may arise as a result of your decision to advise your clients following the use of this tool.

This document is based on Quilter's interpretation of the law and HM Revenue and Customs practice as at June 2024. We believe this interpretation is correct, but cannot guarantee it. Tax relief and the tax treatment of investment funds may change.

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Entry charge summary	
Gift into trust	£0.00
Previous Chargeable Lifetime Transfers	£0.00
Nil rate band	£0.00
Available annual exemption	£0.00
Entry Charge trustees pay	£0
Entry Charge settlor pays	£0
Periodic Charge summary	
Value of relevant property	£0.00
Gifts into related settlements	£0.00
Value of same day additions	£0.00
Nil rate band	£0.00
Previous Chargeable Lifetime Transfers	£0.00
Payments left the trust which were liable to exit charge	£0.00
Settlement rate	0.00%
Periodic tax charge	£0
Exit charge summary	
Distribution amount	£0.00
Exit rate	0.00%
Exit Charge if deducted from payment	£0
Exit Charge if deducted from trust fund	£0

How to use: Rysaffe planning comparison

This page allows you to compare a 10 yearly (periodic) charge on a single trust with that on multiple trusts (up to 4). You will need to enter:

- Whether the trust is a gift trust i.e. discretionary trust or a loan trust
- The original amount placed into the trust
- An inflation assumption post 2031. This is to enable the nil rate band (currently £325,000) to be escalated within the projected calculations
- An annual rate of return achieved on the trust, again this is for the projected value of the trust at the respective 10 yearly calculation
- The periodic charge you would like to compare i.e. 10th, 20th, 30th etc.
- Previous chargeable lifetime transfers made by the settlor of the trust within 7 years of the trust being compared
- Finally, the number of trusts you're comparing against, 1-4.

Once entered you're shown how much (if any) Inheritance Tax could be saved at the respective 10 yearly charge based on the inputs provided. If you would like to see the tax broken down for each trust, select 'see breakdown'



Discretionary Trust UK IHT calculator

<p>Type of trust <input type="text" value="Gift"/></p> <p>Enter initial value (gift / loan) <input type="text" value="£0"/></p> <p>Inflation assumption (post 2030/31) <input type="text" value="3%"/></p>	<p>Annual rate of return¹ <input type="text" value="0%"/></p> <p>Periodic charge year <input type="text" value="10"/></p>
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Single trust

Value of the trust fund ² <input type="text" value="£0"/>	Nil rate band ³ <input type="text" value="£388,067"/>
	Previous Chargeable Lifetime Transfers ⁴ <input type="text" value="£0"/>

IHT charge at anniversary single trust £0

Multiple trusts

Please select how many (maximum of 4)

IHT charge at anniversary with multiple trusts £0

Saving (if any) at anniversary selected⁵ £0

[See breakdown](#)

[Back to Menu](#)

¹We use this % to provide a illustrative value at future anniversaries.

² Illustrative value of the discretionary trust the day before the selected anniversary.

³ This is the nil rate band at the time of the respective periodic charge. The percentage entered in the inflation assumption box has been applied from 2031.

⁴ Historic value of any gifts made into other discretionary trusts 7 years prior to the creation of this settlement.

⁵ A negative figure means that there is a IHT saving achieved by creating multiple trusts compared to a single trust. A positive demonstrates that there is no IHT saving.

This tool allows you to calculate UK IHT charges applicable to a discretionary trust. Before using this tool you need to obtain information of your clients holdings along with the gifting history of the settlor(s) and any exits or additional investments into the trust.

This tool doesn't take into account any reliefs that may be available for property that hasn't been within the trust for the full 10 years leading up to the periodic charge. For joint settlor cases previous gifts and available nil rate band needs to be included for both settlors.

You should be satisfied that the information you have entered and the results of any calculation are correct, before acting or refraining from acting in reliance upon the information given. We accept no responsibility for any incorrect tax reporting that may arise as a result of your decision to advise your clients following the use of this tool.

This document is based on Quilter's interpretation of the law and HM Revenue and Customs practice as at March 2026. We believe this interpretation is correct, but cannot guarantee it. Tax relief and the tax treatment of investment funds may change.

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This tool is for the use of Financial Advisers only. It must not be used by clients.

This tool allows you to calculate IHT charges applicable to a discretionary trust. Before using this tool you need to obtain information of your clients holdings along with the gifting history of the settlor(s) and any exits or additional investments into the trust.

This tool doesn't take into account any reliefs that may be available for property that hasn't been within the trust fund for the full 10 years leading up to the Periodic Charge.

For joint settlor cases previous gifts and available nil rate band needs to be included for both settlors.

You should be satisfied that the information you have entered and the results of any calculation are correct, before acting or refraining from acting in reliance upon the information given.

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