

High-risk areas of the tax code: the taxation of unauthorised unit trusts

Who is likely to be affected?

Unauthorised unit trusts (UUTs) and their investors.

General description of the measure

The measure will enable HM Treasury to introduce new tax rules in Regulations for UUTs and their investors.

Policy objective

This measure supports the Government's objective of closing the tax gap by enabling the introduction of rules to prevent UUTs being used for avoidance. The rules will do this by defining and providing different treatment for:

- 'exempt UUTs' (EUUTs), that is those UUTs whose investors are all entities that would be wholly exempt from capital gains tax or corporation tax on chargeable gains (other than by reason of residence); and,
- 'non-exempt UUTs' (NEUUTs), that is those UUTs whose investors include one or more non-exempt investor.

The rules for EUUTs will be simplified, and will reduce burdens for them and their investors.

Background to the measure

The Government announced in *Tackling Tax Avoidance* at Budget 2011 that UUTs would be included in the review of high risk areas of the tax code. An initial consultation document was published in June 2011, and a second consultation document was published in May 2012.

A summary of responses to the second consultation was published on 11 December 2012.

Detailed proposals

Operative date

The measure will have effect on and after the date that Finance Bill 2013 receives Royal Assent. The measure provides powers for HM Treasury to make regulations, which will provide for commencement as follows:

- For EUUTs preparing annual accounts to an account year ending on or before 31 October 2013, 2014-15 will be a transition tax year and the full effect of the new rules will apply from the 2015-16 year onwards;
- For EUUTs preparing annual accounts to an account year ending after 31 October 2013, 2013-14 will be a transition tax year and the full effect of the new rules will apply from the 2014-15 year onwards; and,
- NEUUTs will be brought within the charge to corporation tax (CT) from the end of the 2013-14 tax year. This is except where grandfathering provisions apply in the case of NEUUTs with one or more exempt investors as at 24 May 2012. Grandfathering will remain in place for those NEUUTs until appropriate reliefs can be introduced to

prevent exempt investors being adversely affected, after which such NEUUTs will have the opportunity to restructure prior to being brought within the charge to CT from a prescribed date.

Current law

The current legislation is set out in the Income Tax (Trading and Other Income) Act 2005, the Income Tax Act 2007 and the two Corporation Tax Acts (2009 and 2010).

Income arising to the trustees of a UUT is regarded as income of the trustees and not of the unit holders (investors). Income tax is chargeable at the basic rate and not at the trust rate or other rates such as the dividend ordinary rate or savings rate.

Trustees are treated as making a 'deemed distribution' to the unit holders representing the gross amount of the unit holders' income after the deduction of basic rate income tax. The trustees account to HM Revenue & Customs (HMRC) for the tax deemed to have been deducted and receive relief for the gross deemed distributions to the unit holders against the trust income.

Unit holders are treated as receiving their proportionate share of a UUT's distributable income as 'deemed payments'.

UUTs whose investors consist only of entities that would be wholly exempt from capital gains tax or corporation tax on chargeable gains (otherwise than by reason of residence) are themselves exempt from tax on chargeable gains, and are commonly referred to as exempt UUTs (a term that will be defined in the new rules).

Proposed revisions

Legislation will be introduced in Finance Bill 2013 to provide powers for new rules for UUTs and their investors in Regulations.

The existing rules for EUUTs and their investors will broadly retain their current structure but changes will be made to simplify the rules and reduce administrative burdens. This will be done by simplifying the calculation of income and the basis of tax filing by EUUTs and removing the requirement for trustees to deduct tax from deemed payments to investors.

Rules will also be introduced to address the current cliff-edge that affects EUUTs where an existing investor loses its own exempt status or an ineligible investor is admitted inadvertently, so that minor and inadvertent breaches are dealt with in a more proportionate way. A UUT that wishes to benefit from these changes will be required to apply to HMRC to receive approval as an EUUT.

The new rules will provide different treatment for NEUUTs. They will be brought within the charge to CT. Unit holders will no longer be deemed to receive distributions of income and distributions from NEUUTs will be treated in the same way as corporate dividends. This is subject to grandfathering as noted above.

Summary of impacts

Exchequer impact (£m)	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	-	negligible	negligible	negligible	negligible	negligible
This measure is expected to have a negligible impact on the Exchequer. Any impact will be set out at Budget 2013. This measure supports the Exchequer in its commitment to protect revenue.						

Economic impact	The measure is not expected to have any significant economic impacts.		
Impact on individuals and households	It is not expected that there will be any significant impact on individuals and households generally, as very few individuals invest in UUTs. The proposals would contribute to closing the tax gap where UUTs are used by individuals for tax avoidance purposes but it is not possible to quantify that impact on the basis of available data.		
Equalities impacts	The measure targets tax avoidance behaviours rather than particular types of individual or business. There is no evidence to suggest that the measure will have any adverse equalities impacts for any particular groups.		
Impact on business including civil society organisations	This measure is expected to have some impact for those UUTs that apply to be approved EUUTs, and significant positive impact for tax exempt civil society organisations such as pension funds and charities investing in them.		
	There will be an overall increase in costs of approximately £50,000 in EUUTs' on-going annual administrative costs. This is after taking account of savings in admin burdens for EUUTs (and for those advising them) due to removing the requirement to withhold tax on deemed distributions and simplification of the tax rules, as well as costs for some EUUTs who will need to prepare audited accounts for the first time due to this measure.		
	Tax exempt recipients of distributions from EUUTs will no longer have to make an application to HMRC to recover tax, freeing them (and the EUUT) of an administrative burden. This is expected to save those investors £800,000 in annual costs of making those claims.		
	For NEUUTs with more than one exempt investor there will be one-off reorganisation costs. Some EUUTs will incur one-off costs arising from work required to prepare final trustee income pool computations. These one-off implementation costs are estimated to be approximately £1.4 million.		
		Cost	Time Period (yrs)
	Compliance Costs		
	One-off Costs	£1.4 million	N/A
	Average Annual Costs	£0.2 million	5
	Total Costs (PV)	£2.1 million	N/A
	Compliance Benefits		
	One-off Benefit	N/A	N/A
	Average Annual Benefit	£0.9 million	5
	Total Benefit (PV)	£3.8 million	N/A
	Net Benefit (NPV)	£1.7 million	N/A
	Impact on Administrative Burden (included in Net Benefit)		
Increase	Decrease	Net Impact	
£0.2 million	£0.9 million	-£0.7 million	
Operational impact (£m) (HMRC or other)	There are resource implications in the HMRC directorates with policy responsibility for the legislation, and HMRC's Anti-Avoidance Group and operational teams in supporting the work.		

	<p>These will arise from providing guidance and advice to customers affected by the changes, and in dealing with applications for approval as EUUTs. There will be resource savings from removing the need to process tax repayment claims from exempt investors.</p> <p>Overall there is not expected to be any increase in resource requirement.</p>
Other impacts	<p><u>Small firms impact test:</u> small firms will be affected to the extent that they form part of the population of affected trustees and trust administrators that have corporate form. However, as nearly all UUTs are expected to be approved EUUTs it is expected that they would benefit from the simplification and burden reduction effects of the measure. It is not possible to quantify this for small firms specifically but the resulting savings are included in the total noted under 'impact on business' above.</p> <p>Other impacts have been considered and none have been identified.</p>

Monitoring and evaluation

The measure will be assessed through monitoring information collected on tax returns and applications for approval as exempt UUTs to ensure that the proposed legislation is working in the way intended. HMRC and HM Treasury will also continue to liaise with industry from time to time to discuss the implementation of the proposed new rules as part of ongoing engagement with industry.

Further advice

If you have any questions about this change, please contact Wayne Strangwood on 020 7147 2545 (email: wayne.a.strangwood@hmrc.gsi.gov.uk).

1 Unauthorised unit trusts

- (1) The Treasury may by regulations make provision about the treatment of the trustees or unit holders of unauthorised unit trusts for the purposes of income tax, corporation tax, capital gains tax or stamp duty land tax.
- (2) Regulations under this section may –
 - (a) confer or impose powers or duties on officers of Revenue and Customs or other persons;
 - (b) modify any enactment or instrument (whenever passed or made);
 - (c) specify descriptions of unauthorised unit trust in relation to which the regulations are to apply or are not to apply;
 - (d) make different provision for different cases or different purposes;
 - (e) make incidental, consequential, supplementary and transitional provision and savings.

In paragraph (b) “modify” includes amend, repeal or revoke.

- (3) In this section –
 - (a) “unauthorised unit trust” means a unit trust scheme which is neither an authorised unit trust nor an umbrella scheme,
 - (b) “unit trust scheme” has the meaning given by section 237 of the Financial Services and Markets Act 2000, and
 - (c) “authorised unit trust”, “umbrella scheme” and “unit holder” have the same meaning as in Chapter 2 of Part 13 of CTA 2010 (authorised investment funds).

EXPLANATORY NOTE

UNAUTHORISED UNIT TRUSTS

SUMMARY

1. This clause provides a power for HM Treasury to introduce regulations about the tax treatment of the trustees or unit holders of unauthorised unit trusts (UUTs). It also sets out the scope of what those regulations may provide for.

DETAILS OF THE CLAUSE

2. Section (1) provides the power to make provision by regulation about the treatment of the trustees or unit holders of UUTs for the purposes of income tax, corporation tax, capital gains tax or stamp duty land tax.
3. Section (2) sets out further details about the scope of the regulations made under this clause. This includes conferring or imposing powers or duties on HM Revenue & Customs officers, modifying any legislation, and specifying descriptions of different types of UUTs. The regulations may also contain provisions required to deal with transitional provisions.
4. Section (3) provides a definition of terms used in the clause.

BACKGROUND NOTE

5. Following the conclusion of a review of high risk areas of the tax system, begun at Budget 2011, this clause enables the introduction of new tax rules in regulations for UUTs and their investors.
6. The main objective of the review is to prevent UUTs being used for avoidance purposes, but it will also simplify the rules and reduce administrative burdens.
7. If you have any questions about this change, or comments on the legislation, please contact Wayne Strangwood on 020 7147 2545 (email: wayne.a.strangwood@hmrc.gsi.gov.uk).

2013 No.

CAPITAL GAINS TAX

CORPORATION TAX

INCOME TAX

The Unauthorised Unit Trusts (Tax) Regulations 2013

<i>Made</i> - - - -	<i>[2013]</i>
<i>Laid before the House of Commons</i>	<i>[2013]</i>
<i>Coming into force</i> - -	<i>[2013]</i>

The Treasury make the following Regulations in exercise of the powers conferred by section [] of the Finance Act 2013(a).

PART 1

Introductory and general provisions

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Unauthorised Unit Trusts (Tax) Regulations 2013.

(2) Chapters 1 and 2 of Part 2 (and this Part so far as applying to those Chapters) come into force on the day after the day on which these Regulations are made.

(3) Apart from that, these Regulations come into force on 6 April 2014.

Interpretation

2.—(1) In these Regulations—

“the Authorised Investment Funds Regulations” means the Authorised Investment Funds (Tax) Regulations 2006(b),

(a) 2013 c.[]

(b) S.I. 2006/964, amended by 2006/964, 2006/3239, 2007/683, 2007/794, 2008/705, 2008/1463, 2008/3159, 2009/2036, 2009/2199, 2010/294, 2010/1642, 2011/244, 2011/2192, 2012/519 and 2012/1783.

“the Commissioners” means the Commissioners for Her Majesty’s Revenue and Customs,
“friendly society” has the same meaning it has for the purposes of Part 3 of FA 2012 (friendly societies carrying on long-term business),
“insurance company” has the same meaning as it has for the purposes of Part 2 of FA 2012 (insurance companies carrying on long-term business),
“non-reporting fund” has the same meaning as it has for the purposes of the Offshore Funds Regulations,
“notice” means notice in writing,
“the Offshore Funds Regulations” means the Offshore Funds (Tax) Regulations 2009(a),
“prospectus” means the prospectus or similar document made available to investors,
“UK resident” means resident in the United Kingdom (and references to a UK resident company are to a company which is resident there),
“unauthorised unit trust” means a unit trust scheme which is neither an authorised unit trust nor an umbrella scheme,
“unit holder” means a person entitled to a share of the investments of an unauthorised unit trust.

PART 2

Exempt unauthorised unit trusts

CHAPTER 1

Meaning of “exempt unauthorised unit trust”

Meaning of “exempt unauthorised unit trust”

3.—(1) An unauthorised unit trust is an “exempt unauthorised unit trust” with respect to a period of account if—

- (a) its trustees are UK resident for the period,
- (b) throughout the period all of its unit holders are wholly exempt from capital gains tax or corporation tax on chargeable gains (otherwise than by reason of residence), and
- (c) it is approved under these Regulations for the period.

(2) In determining whether paragraph (1)(b) applies no account is to be taken of units which—

- (a) have been disposed of by a unit holder, and
- (b) are held by the managers of the trust (in that capacity) pending disposal.

(3) In determining whether paragraph (1)(b) applies no account is to be taken of the possibility of a charge to corporation tax on income in respect of a gain accruing on a disposal by an insurance company or a friendly society.

(4) An unauthorised unit trust is not to be regarded as failing to meet the condition in paragraph (1)(b) in relation to any unit holder if—

- (a) the managers or trustees of the unit trust become aware at any time that the unit holder is not as described in paragraph (1)(b),

(a) S.I. 2009/3001, amended by S.I. 2009/3139, 2010/294, 2011/1211.

- (b) they could not reasonably have been expected to have become aware of that fact before that time, and
 - (c) the unit holder disposes of its units before the end of the period of 28 days beginning with that time.
- (5) Paragraph (4) may not be relied on more than twice in any period of ten years.

CHAPTER 2

Approval as an exempt unauthorised unit trust

Application for approval as an exempt unauthorised unit trust

4.—(1) The managers or trustees of an unauthorised unit trust may make an application in writing to the Commissioners for the trust (“the applicant”) to be approved.

(2) An application must be made on or before the last day of the first period of account for which approval is sought (or such later date as the Commissioners may allow).

(3) If accepted, an approval has effect for the period of account the first day of which is specified in the application and all subsequent periods (unless withdrawn under regulation 8).

(4) The Commissioners may not approve an unauthorised unit trust unless they are satisfied that the unit trust has, or will have, in place appropriate arrangements for the purpose of securing that the condition in regulation 3(1)(b) is met.

Contents of application

5.—(1) An application under this Chapter must contain the following—

- (a) a statement specifying the first day of the first period of account for which approval is sought (such period ending no earlier than 6 April 2014),
- (b) a copy of the applicant’s current trust deed,
- (c) a copy of the applicant’s most recent prospectus,
- (d) a statement specifying the appropriate arrangements which are or will be in place for the purpose of securing that the condition in regulation 3(1)(b) is and will be met for the first period for which approval is sought and all subsequent periods,
- (e) a statement whether or not the applicant is or will be operating equalisation arrangements.

(2) A day specified in the application in paragraph (1)(a) may be provisional.

(3) If a provisional day is specified in the application, any approval by the Commissioners of the application has no effect unless the managers or trustees of the applicant give notice to the Commissioners either—

- (a) confirming that day is the first day of the first period of account for which approval is sought, or
- (b) specifying a different day as the first day of the first period of account for which approval is sought.

(4) The notice must be given no later than the date on or before which a return made under section 8A(a) of TMA 1970 relating to the first period must be delivered.

(a) Section 8A was inserted by section 90 of Finance Act 1990 (c. 29) and amended by sections 178 and 199 of Finance Act 1994 (c. 9), by section 103 of Finance Act 1995 (c. 4), by section 121 of Finance Act 1996 (c. 8), by section 882 and paragraphs 357 and 360 of Schedule 1 of ITTOIA 2005, by sections 89, 92 and 114 and Part 5(3) of Schedule 27 of Finance Act 2007 (c. 11), by section 34 and paragraphs 7 and 9 of Schedule 12 of FA 2008, and by section 40 and paragraph 9 of Schedule 19 of FA 2009.

(5) If a different day is specified under paragraph (3)(b), the application is to be treated for the purposes of regulation 4(3) as if that day had always been specified in the application.

Response by the Commissioners to application

6.—(1) The Commissioners may by notice require the managers or trustees of the applicant to provide further particulars in order to enable them to determine an application.

(2) A requirement may be imposed under paragraph (1) within 28 days of the receipt of the application or of any further particulars required under that paragraph.

(3) If a notice under paragraph (1) is not complied with within 28 days or such longer period as the Commissioners may allow, they need not proceed further on the application.

(4) The Commissioners must give notice to the applicant of their decision to accept or reject an application—

- (a) within 28 days of receiving the application, or
- (b) if they give a notice under paragraph (2), within 28 days of that notice being complied with.

(5) A notice of a decision to reject an application must give reasons for that decision.

Continuing requirements for approval

7.—(1) Approval under this Chapter is conditional on the requirements in this regulation being met by the unauthorised unit trust with respect to a period of account.

(2) Appropriate arrangements must be in place for the purpose of securing that the condition in regulation 3(1)(b) is met for the period.

(3) The period of account of the unauthorised unit trust must not exceed 18 months.

(4) The accounts for the period—

- (a) must be prepared in accordance with the IMA SORP or its principles so far as relating to determining revenue and capital, and
- (b) must be audited by a qualified independent auditor as being so prepared.

(5) In the following provisions of this Part references to accounts of an exempt unauthorised unit trust are to accounts meeting the conditions in paragraph (4).

(6) The managers or trustees of the trust must deliver with a return made under section 8A of TMA 1970—

- (a) a statement from the managers or the trustees that the condition in regulation 3(1)(b) has been met throughout the period, and
- (b) a copy of the trust's accounts.

(7) In this regulation—

- (a) “the IMA SORP” means the Investment Management Association’s Statement of Recommended Practice for the Financial Statements of Authorised Funds published in October 2010 as amended from time to time (or any successor statement of recommended practice), and
- (b) “qualified independent auditor” means a person who—
 - (i) is eligible for appointment as a statutory auditor under Part 42 of the Companies Act 2006(a), and
 - (ii) if the appointment were an appointment as a statutory auditor, would not be prohibited from acting by section 1214 of that Act (independence requirement).

Withdrawal of approval

8.—(1) The Commissioners may withdraw approval of an exempt unauthorised unit trust if they are satisfied that the requirements in regulation 7 are not met.

(2) The Commissioners may withdraw approval of an exempt unauthorised unit trust if the managers or trustees of an exempt unauthorised unit trust request them to do so.

(3) Withdrawal of an approval of an unauthorised unit trust is to be given by the Commissioners by notice to the managers or trustees of the trust.

(4) Withdrawal of approval has effect as from the date specified in the notice withdrawing the approval.

Appeal against rejection of application or withdrawal of approval

9.—(1) An unauthorised unit trust may appeal if an application is rejected or the Commissioners withdraw approval.

(2) The notice of appeal must be given to the Commissioners within a period of 42 days beginning with the day on which the notice of rejection or withdrawal is given.

(3) On an appeal, the tribunal may make a decision to uphold or quash the rejection or withdrawal.

(4) If the tribunal decides to quash a rejection of an application, these Regulations apply as if the Commissioners had accepted the application in the form in which it was considered by the tribunal.

(5) If the tribunal decides to quash the withdrawal of approval, these Regulations apply as if the Commissioners had not withdrawn their approval.

CHAPTER 3

Gains accruing to an exempt unauthorised unit trust

Exemption for gains accruing to an exempt unauthorised unit trust

10. Gains accruing to an exempt unauthorised unit trust are not chargeable gains for the purposes of TCGA 1992.

CHAPTER 4

Taxation of income of exempt unauthorised unit trusts

Basis periods

11.—(1) The income of an exempt unauthorised unit trust for a tax year is taken to be the income of an exempt unauthorised unit trust arising in a basis period for the tax year.

(2) The general rule is that the basis period for a tax year for an exempt unauthorised unit trust is the period of 12 months ending with the accounting date in that year.

(3) The accounting date, in relation to a tax year, means—

- (a) the date in the tax year to which accounts are drawn up, or
- (b) if there are two or more such dates, the latest of them.

(4) If there is no accounting date in the first tax year that the trust is an exempt unauthorised unit trust but there is an accounting date in the following tax year—

- (a) there is no basis period for the first tax year (so that the trust has no income for that year), but
 - (b) the basis period for the following year is the period of account ending with the accounting date in that year.
- (5) If there is no accounting date in the first two tax years that the trust is an exempt unauthorised unit trust—
- (a) there is no basis period for the first tax year (so that the trust has no income for that year), but
 - (b) the basis period for the second tax year is the period starting on the first date of the period of account and ending on the 5 April in that year.
- (6) Otherwise, if there is no accounting date in the tax year, the basis period is the period of 12 months beginning immediately after the end of the basis period for the previous tax year.
- (7) If the basis period for a tax year does not coincide with a period of account of an exempt unauthorised unit trust, either of the steps in paragraph (8) must be taken if necessary in order to arrive at the amount of the income of the trust treated under regulation 14 as if it were accrued income profits arising in a basis period.
- (8) The steps are—
- (a) apportioning the income of a period of account to the parts of that period falling in different basis periods, and
 - (b) adding the income of a period of account (or part of a period) to the income of other periods of account (or parts),
- and the steps must be taken by reference to the number of days in the periods concerned.

Treatment of income of an exempt unauthorised unit trust

12.—(1) If income arises to the trustees of an exempt unauthorised unit trust, the income is treated as the income of the trustees and not of the unit holders.

(2) If income tax on any part of the income arising to the trustees of an exempt unauthorised unit trust would apart from this paragraph be charged at the dividend ordinary rate, income tax on that part of the income is instead charged at the basic rate.

(3) None of the following applies in relation to the income—

- (a) sections 397(1)(a) and 397A(1)(b) of ITTOIA 2005 (tax credits for qualifying distributions),
- (b) section 399(2) and (6) of ITTOIA 2005 (person not entitled to tax credits treated as having paid income tax)(c),
- (c) section 400(2) and (3) of ITTOIA 2005 (person whose income includes non-qualifying distribution treated as having paid income tax)(d), and
- (d) section 479 of ITA 2007 (trustees' accumulated or discretionary income to be charged at special rates)(e).

(4) Sections 494, 495 and 496B of ITA 2007 (discretionary payments) do not apply in relation to payments made by the trustees.

(a) Section 397 was amended by section 34 and paragraphs 1 and 3 of Schedule 12 of FA 2008 and by section 1027 and paragraphs 492 and 515 of Schedule 1 of ITA 2007.

(b) Section 397A was amended by section 40 and paragraphs 1 and 2 of Schedule 19 of FA 2009 and by section 374 and paragraphs 65 and 66 of Schedule 8 of TIOPA 2010.

(c) Section 399 was amended by section 34 and paragraphs 1 and 2 of Schedule 12 of FA 2008 and by section 1027 and paragraphs 492 and 516 of Schedule 1 of ITA 2007.

(d) Section 400 was amended by section 1027 and paragraphs 492 and 517 of Schedule 1 of ITA 2007.

(e) Section 479 was amended by section 30 and paragraph 23 of Schedule 6 of FA 2010.

Treatment of capital expenditure of an exempt unauthorised unit trust

13. The trustees (and not the unit holders) of an exempt unauthorised unit trust are treated as the persons to or on whom an allowance or charge is to be made under any provision relating to relief for capital expenditure.

Special provision for accrued income profits

- 14.—(1) This regulation applies to income of an exempt unauthorised unit trust which—
- (a) arises from its investments in securities within the meaning of Chapter 2 of Part 12 of ITA 2007 (accrued income profits), and
 - (b) is shown in its accounts.
- (2) The income is charged to tax under Chapter 2 of Part 12 of ITA 2007—
- (a) as if it were accrued income profits, and
 - (b) as if those profits were treated as made in the tax year in which the last day of the period of account in which the income is accounted for falls.
- (3) None of the income is charged to income tax under Chapter 2 of Part 4 of ITTOIA 2005 (interest).

CHAPTER 5

Charge to tax on unit holders of exempt unauthorised unit trusts

Charge to tax on unit holders

- 15.—(1) Tax is charged on income treated as received by a unit holder from an exempt unauthorised unit trust in the tax year.
- (2) For the purposes of this regulation, unit holders are treated as receiving income if an amount is shown in the trust's accounts for a period of account as income available for payment to them or for investment.
- (3) The income is treated as received by a unit holder for a distribution period.
- (4) To calculate the amount of the income treated as received by a unit holder for a distribution period, calculate the unit holder's share of the trust's available income by applying the formula—

$$TAI \times \frac{R}{TR}$$

where—

TAI is the total amount shown in the trust's accounts as income available for payment to unit holders or for investment,

R is the unit holder's rights, and

TR is all the unit holders' rights.

(5) The income for a distribution period is treated as received on the date or latest date provided by the terms of the trust for any distribution for the period, unless that date is more than 12 months after it ends.

(6) If—

- (a) that date is more than 12 months after the distribution period ends, or
- (b) no date is so provided,

the income for the period is treated as received on the last day of the distribution period.

(7) If the terms of the trust provide for a period over which income from the investments subject to the trust is aggregated to ascertain the amount available for distribution to unit holders, the "distribution period" means—

- (a) if the period is 12 months or less, that period, or
- (b) if the period is more than 12 months, each successive period of 12 months within that period and any remaining period of less than 12 months.

(8) In any other case, the “distribution period” means successive periods of 12 months, the first of which begins with the day on which the trust was established.

Person liable

16. The person liable for any tax charged under this Chapter is the unit holder treated as receiving the income.

Priority rules

17.—(1) Any income, so far as it falls within—

- (a) regulation 15, and
- (b) Chapter 2 of Part 2 of ITTOIA 2005 or Chapter 2 of Part 3 of CTA 2009 (income taxed as trade profits),

is dealt with under Part 2 of ITTOIA 2005 or Part 3 of CTA 2009.

(2) Any income, so far as it falls within—

- (a) regulation 15, and
- (b) Chapter 3 of Part 3 of ITTOIA 2005, or Chapter 3 of Part 4 of CTA 2009, so far as relating to a UK property business,

is dealt with under Part 3 of ITTOIA 2005 or Part 4 of CTA 2009.

CHAPTER 6

Relief for trustees of an exempt unauthorised unit trust

Relief for deemed payments by trustees of an exempt unauthorised unit trust

18.—(1) If the unit holders of an exempt unauthorised unit trust are treated as receiving income under regulation 15(2), the trustees are treated as making a deemed payment of the same amount on the final day of the period of account referred to in regulation 15(2).

(2) The trustees are entitled to relief for a tax year equal to the amount of the deemed payments treated as made in that year.

(3) The relief is given by deducting that amount in calculating the trustees’ net income for the tax year (see Step 2 of the calculation in section 23 of ITA 2007 (calculation of income tax liability)(a)).

(4) The total amount of the relief for a tax year must not exceed the amount of the trustees’ modified net income for the tax year (within the meaning given by section 1025 of ITA 2007).

(5) If there is an excess, that excess is to be treated as if it were a deemed payment in the basis period for the following tax year.

Amounts ineligible for relief under regulation 18: income paid out of capital or exempt income

19.—(1) Relief is not to be given under regulation 18 for any part of a deemed payment so far as it is ineligible for relief.

(a) Section 23 was amended by section 5 and paragraph 6(o)(i) of Schedule 1 of FA 2009.

(2) The deemed payment is ineligible for relief if, or so far as, it is treated as being made in respect of income paid to the unit holders which can lawfully be made only out of—

- (a) capital, or
- (b) income that is exempt from income tax.

(3) The payment or that part of it treated as being made in respect of income made out of capital is ineligible for relief.

(4) The payment or that part of it treated as being in respect of income that is exempt from income tax is ineligible for relief if the rights or obligations of any person are or may in the future be different from what they would have been had the income or part not been so treated.

Amounts ineligible for relief under regulation 18: payments to certain unit holders where regulation 3(4) applies

20. Relief is not to be given under regulation 18 for any part of a deemed payment so far as it is attributable to income treated as received by a unit holder under regulation 15 where the unit holder—

- (a) disposed of its units in the circumstances described in regulation 3(4)(c), and
- (b) was not UK resident at the time the income is treated as received.

Effect of equalisation arrangements on relief for trustees

21.—(1) This regulation applies to an exempt unauthorised unit trust which has made a statement under regulation 5(1)(e) (equalisation arrangements) in the case of a disposal of units by way of either cancellation or acquisition by the managers of the trust.

(2) The amount of the deemed payment for which the trustees are entitled to relief for a tax year under regulation 18 includes any amount paid to unit holders (in the basis period for the year) on a disposal of some or all of their units so far as attributable to the income of the trust which has accrued up to the date of the disposal (but has not otherwise been received, or treated as received, by unit holders).

CHAPTER 7

Miscellaneous provisions

No tax charge for disposal of interests in offshore non-reporting funds: reporting condition

22.—(1) No tax is charged on the trustees of an exempt unauthorised unit trust under regulation 17 of the Offshore Funds Regulations on the disposal of an interest in a non-reporting fund if the reporting condition is met.

(2) The reporting condition is met if—

- (a) the trustees prepare computations of reportable income for the fund for all accounting periods which, if the fund were a reporting fund, would be reporting periods ending on or before the day of disposal, and
- (b) any excess of the trustees' share of the reportable income of the non-reporting fund over their share of the distributions made by the non-reporting fund is included in the amount mentioned in regulation 15(2) for each period of account ending on or before that day.

(3) Nothing in paragraph (2) applies in relation to any time before the date on which the trustees acquire or re-acquire the interest.

(4) The trustees are treated for all purposes as if they had disposed of and immediately reacquired an interest in a non-reporting fund on a date they specify if in the event of a subsequent disposal of the interest—

- (a) the reporting condition would not be met in relation to times before the date, but
- (b) the trustees reasonably expect the reporting condition will be met in relation to times on and after the date.

(5) The date the trustees specify must be included in an appropriate entry in their return made under section 8A of TMA 1970 for the period of account in which the date falls but the date must not be earlier than 6 April 2014.

(6) The deemed disposal and reacquisition of the interest is taken to be for a consideration equal to its market value on the specified date.

(7) In this regulation—

“market value” has the meaning given by regulation 10 of the Offshore Funds Regulations,

“reporting fund” has the meaning given by regulation 50 of those Regulations, and

“reporting period” has the meaning given by regulation 91 of those Regulations.

(8) If a non-reporting fund is a UCITS fund for the purposes of regulation 12(a) of the Offshore Funds Regulations, regulation 80 of those regulations (treatment of investment transactions carried out by diversely owned funds) applies for the purposes of the computations mentioned in paragraph (2)(a).

No tax charge for disposal of interests in offshore non-reporting funds: qualifying index

23.—(1) No tax is charged on the trustees of an exempt unauthorised unit trust under regulation 17 of the Offshore Funds Regulations on the disposal of an interest in a non-reporting fund if—

- (a) in accordance with the trust’s investment strategy contained in its prospectus, the aim of the trust throughout the period during which the trustees held the interest has been to replicate the performance of a qualifying index,
- (b) the main purpose of the investment in the non-reporting fund throughout that period is to represent the composition of the qualifying index, and
- (c) the capital and income returns of the trust throughout that period replicated as closely as practicable the returns of the investment comprised in the qualifying index.

(2) For the purposes of this regulation an index is a “qualifying index” if—

- (a) it is based solely on the value of securities listed on a recognised stock exchange or admitted to trading on a regulated market,
- (b) an authority (whether in the United Kingdom or elsewhere) recognises the index on the basis that—
 - (i) its composition is sufficiently diverse,
 - (ii) it represents an adequate benchmark for the market to which it refers, and
 - (iii) it is published in such a way that it is widely available, and
- (c) it is calculated and published by a body which is managed independently from the management of the exempt unauthorised unit trust.

(3) In this regulation “regulated market” has the same meaning as in Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments (see article 4.1(14))(b).

Treatment of investment transactions carried out by exempt unauthorised unit trusts

24.—(1) An investment transaction entered into by the trustees of an exempt unauthorised unit trust is treated for the purposes of the Income Tax Acts as entered into otherwise than in the course of a trade.

(2) “Investment transaction” has the same meaning as it has in Part 3 of the Investment Trust (Approved Company) (Tax) Regulations 2011(c), but as if—

(a) Regulation 12 was amended by S.I. 2011/1121.

(b) OJ L 145, 30.4.2004 p.1

(c) 2011/2999.

- (a) references to an investment trust were to an exempt unauthorised unit trust, and
- (b) references to the manager of the investment trust were to the managers or trustees of the exempt unauthorised unit trust.

Authorised investment funds investing in exempt unauthorised unit trusts

25. If an authorised investment fund (within the meaning given by the Authorised Investment Funds Regulations) is at any time in a period of account a unit holder of an exempt unauthorised unit trust, the following provisions of CTA 2010 do not apply in relation to the fund for any financial year in which that period (or any part of it) falls—

- (a) Part 3 (relief for companies with small profits), and
- (b) sections 614 and 618 (applicable corporation tax rate),

(and, accordingly, the rate of corporation tax which applies in relation to the fund is the main rate within the meaning of section 3 of CTA 2010).

PART 3

Non-exempt unauthorised unit trusts

CHAPTER 1

Definition of non-exempt unauthorised unit trust

Definition of non-exempt unauthorised unit trust

26. An unauthorised unit trust is a “non-exempt unauthorised unit trust” if it is not an exempt unauthorised unit trust.

CHAPTER 2

Tax treatment of non-exempt unauthorised unit trusts

Non-exempt unauthorised unit trust treated as UK resident company

27.—(1) In respect of income arising and chargeable gains accruing to UK resident trustees of a non-exempt unauthorised unit trust, and for the purposes of the provisions relating to relief for capital expenditure, the Tax Acts have effect as if—

- (a) the trustees were a UK resident company, and
- (b) the rights of the unit holders were shares in the company.

(2) References in the Corporation Tax Acts to a body corporate are to be read in accordance with paragraph (1); and sections 1104 and 1107 of CTA 2010 (companies and nominees required to provide tax certificates) apply with any necessary modifications.

Part 3 of CTA 2010 not to apply to non-exempt unauthorised unit trusts

28. Part 3 of CTA 2010 (relief for companies with small profits) does not apply in relation to a non-exempt unauthorised unit trust.

PART 4

Transitional provisions

CHAPTER 1

Transitional provisions for exempt unauthorised unit trusts

Transitional year for exempt unauthorised unit trusts

29.—(1) This regulation makes provision for a transitional year for an unauthorised unit trust if it is approved as an exempt unauthorised unit trust for a period that includes 5 April 2014.

(2) The “transitional year” is—

- (a) the tax year 2013-14, where the trust has an accounting date in the tax year 2013-14 on or after 1 November 2013, or
- (b) the tax year 2014-15, where the trust either has an accounting date in the tax year 2013-14 before 1 November 2013 or has no accounting date in the tax year 2013-14.

(3) In a tax year which is a trust’s transitional year, the income of the trust for that tax year is taken to be the income arising in the period beginning with 6 April and ending with the accounting date in that year.

(4) If a trust’s transitional year is the tax year 2014-15, Chapters 3 to 7 of Part 2 and Parts 3 and 5 do not apply in relation to the trust for that year.

(5) A transitional year does not count for the purposes of determining the first or second tax year that a trust is an exempt unauthorised unit trust under regulation 11(4) or (5).

(6) Any deemed payment or deemed deduction which would (but for this regulation) have been treated as made by the trustees under section 941 of ITA 2007 after the accounting date of the transitional year of the trust is treated as made on that accounting date.

(7) Any income of the trust which would (but for this regulation) be included in the amount of accrued income profits treated under Part 12 of ITA 2007 as made in a tax year after the transitional year is included in the amount of accrued income profits treated under that Part as made in the transitional year.

(8) The accounting date, in relation to a tax year, means—

- (a) the date in the tax year to which accounts are drawn up, or
- (b) if there are two or more such dates, the latest of them.

CHAPTER 2

Transitional provisions for non-exempt unauthorised unit trusts

Unauthorised unit trusts coming within charge to corporation tax: final deemed payments and accrued income profits

30.—(1) In the case of an unauthorised unit trust which comes within the charge to corporation tax on 6 April 2014 or a later date, any amount of income which would (but for this regulation) have been treated under—

- (a) Chapter 10 of Part 4 of ITTOIA 2005, or
- (b) Chapter 5 of Part 10 of CTA 2009,

as received by its unit holders on or after 6 April 2014 or that later date is treated as received on 5 April 2014 or, as the case may be, the day before that later date (and, accordingly, the trustees are treated as making a deemed payment under section 941 of ITA 2007 in respect of that income on the same day).

(2) Any income of the trust which would (but for this regulation) be included in the amount of accrued income profits treated under Part 12 of ITA 2007 as made after 6 April 2014 or a later

date, is included in the amount of accrued income profits treated under that Part as made on 5 April 2014 or, as the case may be, the day before that later date.

Part 5 not to apply to mixed unauthorised unit trusts

31.—(1) An unauthorised unit trust is not a non-exempt unauthorised unit trust, and Part 5 does not apply in relation to the trust, if at all times in the period beginning with 24 May 2012 and ending with 5 April 2014 it had at least one unit holder which was, and at least one unit holder which was not, wholly exempt from capital gains tax or corporation tax on chargeable gains (otherwise than by reason of residence).

(2) But paragraph (1) ceases to apply in relation to the trust if subsequently it no longer has any unit holders which are wholly exempt from capital gains tax or corporation tax on chargeable gains (otherwise than by reason of residence).

(3) In determining whether paragraph (1) or (2) applies no account is to be taken of units which—

- (a) have been disposed of by a unit holder, and
- (b) are held by the managers of the trust (in that capacity) pending disposal.

(4) In determining whether paragraph (1) or (2) applies no account is to be taken of the possibility of a charge to corporation tax on income in respect of a gain accruing on a disposal by an insurance company or a friendly society.

PART 5

Repeals and consequential amendments

Chevening Estate Act 1959

32. In section 2(a) of the Chevening Estate Act 1959(b) (exemption from income tax, etc)—

- (a) in subsection (1), after paragraph (c) insert—
 - “(d) from income tax chargeable under regulation 15 of the Unauthorised Unit Trusts (Tax) Regulations 2013, in respect of income arising from and subject to those trusts.”, and
- (b) in subsection (1A), omit paragraph (c).

TCGA 1992

33. In section 100(c) of TCGA 1992 (exemption for authorised unit trusts etc), omit subsections (2) to (2B).

Finance Act 2000

34. In paragraph 51(3)(d) of Schedule 22 to the Finance Act 2000(e) (tonnage tax: general exclusion of investment income)—

- (a) omit paragraph (c) (together with the “or” at the end of it),
- (b) in paragraph (d), for “that Part” substitute “Part 10 of that Act”, and

(a) Section 2 was amended by section 73(7) and Part I and Schedule 13 of Finance Act 1963 (c. 25), by section 4 of the Chevening Estate Act 1987 (c. 20), by sections 882(1) and 884 and paragraphs 355 and 356 of Part 2 of Schedule 1 and Schedule 3 of ITTOIA 2005 and by section 1027 and paragraph 241 of Part 2 of Schedule 1 of ITA 2007.

(b) 1959 c.49.

(c) Sections 100(2A) and (2B) were inserted by section 20 of Finance (No 2) Act 2005 (c. 22) and amended by section 146, paragraphs 72 to 74 of Schedule 16 and paragraphs 14 and 15 of Schedule 18 of FA 2012.

(d) Paragraph 51 was amended by section 1322 and paragraphs 462 and 470 of Schedule 1 of CTA 2009.

(e) 2000 c. 17.

- (c) at the end of that paragraph insert “or
- (e) regulation 15 of the Unauthorised Unit Trusts (Tax) Regulations 2013.”

ITTOIA 2005

35.—(1) ITTOIA 2005 is amended as follows.

- (2) In section 365(1) (overview of Part 4 of Act), omit paragraph (i).
- (3) In section 397(6)(a) (tax credits for qualifying distributions of UK resident companies: UK residents and eligible non-UK residents), omit the entry relating to section 504(4) of ITA 2007.
- (4) In section 397A(6)(b) (tax credits for qualifying distributions of non-UK resident companies: UK residents and eligible non-UK residents), omit the entry relating to section 504(4) of ITA 2007.
- (5) In section 399(7)(c) (qualifying distributions received by persons not entitled to tax credits), omit the entry relating to section 504(4) of ITA 2007.
- (6) In section 400(d) (non-qualifying distributions), omit subsection (7).
- (7) In section 410(3)(e) (when stock dividend income arises), for “section 504 of that Act” substitute “regulation 12 of the Unauthorised Unit Trusts (Tax) Regulations 2013”.
- (8) Omit Chapter 10(f) of Part 4 (distributions from unauthorised unit trusts).
- (9) In section 839(3)(g) (annual payments payable out of relevant foreign income)—
 - (a) in subsection (3), omit the entry relating to Chapter 10 of Part 4 of ITTOIA 2005,
 - (b) in that subsection, omit the “or” before the entry relating to Chapter 7 of Part 5 of that Act,
 - (c) in that subsection, after that entry insert “or
regulation 15 of the Unauthorised Unit Trusts (Tax) Regulations 2013.”, and
 - (d) in subsection (3A)(b), for the words from “Chapter 5” to the end substitute “Chapter 7 of Part 10 of that Act (annual payments not otherwise charged) or regulation 15 of the Unauthorised Unit Trusts (Tax) Regulations 2013.”

ITA 2007

36.—(1) ITA 2007 is amended as follows.

- (2) In section 2(9) (overview of Act), omit paragraph (e) (but not the “and” at the end of it).
- (3) In section 14(2) (income charged at the dividend ordinary rate: other persons), omit the entry relating to section 504(3) of ITA 2007 (but not the “and” at the end of it).
- (4) In section 24(2)(b)(h) (reliefs deductible at Step 2), for “section 505 (relief for trustees of unauthorised unit trust)” substitute “regulation 18 of the Unauthorised Unit Trusts (Tax) Regulations 2013”.
- (5) In section 462(i) (overview of Part 9 of Act), omit subsection (9).
- (6) Omit sections 504 to 505(j) (unauthorised unit trusts).

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- (a) Section 397 was amended by section 1027 and paragraphs 492 and 515 of Schedule 1 of ITA 2007.
 - (b) Section 397A was inserted by section 34 and paragraphs 1 and 4 of Schedule of 12 FA 2008 and amended by section 40 and paragraphs 1 and 2 of Schedule 19 of FA 2009 and by section 374 and paragraphs 65 and 66 of Schedule 8 of TIOPA 2010.
 - (c) Section 399(7) was amended by section 1027 and paragraphs 492 and 516 of Schedule 1 of ITA 2007.
 - (d) Section 400 was amended by section 1027 and paragraphs 492 and 517 of Schedule 1 of ITA 2007.
 - (e) Section 410 was amended by section 1027 and paragraphs 492 and 519 of Schedule 1 of ITA 2007, by section 1177 and paragraphs 444 and 458 of Schedule 1 of CTA 2010 and by section 30 of paragraph 21 of Schedule 6 of FA 2010.
 - (f) Chapter 10 was amended by section 1027 and paragraphs 492, 541 and 542 of Schedule 1 of ITA 2007.
 - (g) Section 839(3) was amended by section 1322 and paragraphs 587 and 637 of Schedule 1 of CTA 2009.
 - (h) Section 24(1)(b) was amended by section 84 and paragraph 27 of Schedule 27 of FA 2008.
 - (i) Section 462 was amended by section 31 and paragraph 3 of Schedule 14 of F(No 3)A 2010.
 - (j) Chapter 9 was amended by Article 5 of the Income Tax Act 2007 (Amendment) Order S.I. 2010/23, by sections 34 and 66 and paragraphs 23 and 25 of Schedule 12 of FA 2008.

(7) In section 532(2)(f) (special rules about charitable trusts etc: exemption for savings and investment income), for the words from “Chapter 10” to the end substitute “regulation 15 of the Unauthorised Unit Trusts (Tax) Regulations 2013 as received by a unit holder from an exempt unauthorised unit trust.”

(8) In section 809CZB(1)(a)(a) (loan or credit transactions: certain payments treated as yearly interest), for the words from “Chapter 5” to the end substitute “Chapter 7 of Part 10 of CTA 2009 (annual payments not otherwise charged) or regulation 15 of the Unauthorised Unit Trusts (Tax) Regulations 2013.”

(9) In section 825(2) (meaning of “disregarded savings and investment income”)—

(a) omit paragraph (d) (together with the “or” at the end of it), and

(b) at the end of paragraph (e) insert “or

(f) regulation 15 of the Unauthorised Unit Trusts (Tax) Regulations 2013.”

(10) In section 847(5) (overview of Part), omit paragraph (b) (but not the “and” at the end of it).

(11) In section 848(b) (income tax deducted at source treated as income tax paid by recipient), omit subsection (4).

(12) In section 873(2)(a)(c) (discretionary or accumulation settlements), for “section 504” substitute “regulation 12 of the Unauthorised Unit Trusts (Tax) Regulations 2013”.

(13) In section 899(4)(b)(ii)(d) (meaning of “qualifying annual payment”), for the words from “Chapter 5” to the end substitute “Chapter 7 of Part 10 of that Act (annual payments not otherwise charged) or regulation 15 of the Unauthorised Unit Trusts (Tax) Regulations 2013.”

(14) In section 904(2)(b)(ii)(e) (annual payments for dividends or non-taxable consideration), for the words from “Chapter 5” to the end substitute “Chapter 7 of Part 10 of that Act (annual payments not otherwise charged) or regulation 15 of the Unauthorised Unit Trusts (Tax) Regulations 2013.”

(15) Omit Chapter 13(f) of Part 15 (unauthorised unit trusts).

(16) In section 964(g) (collection through self-assessment), omit subsection (2).

(17) In section 975 (statements about deduction of income tax)—

(a) omit subsections (3) and (4),

(b) in subsection (6), omit “or (4)” and “or U (as the case may be)”, and

(c) omit subsection (7).

(18) In section 1025(4) (meaning of “modified net income”), omit “and Chapter 13 of Part 15”.

(19) In Schedule 2 (unauthorised unit trusts: calculation of trustees’ income pool), omit paragraphs 167 and 168.

(20) In Schedule 4 (index of defined expressions), omit—

(a) the entry relating to deemed deduction (in Chapter 13 of Part 15),

(b) the entry relating to deemed income (in Chapter 13 of Part 15),

(c) the entry relating to deemed payment (in Chapter 13 of Part 15),

(d) the entry relating to foreign element (in Chapter 13 of Part 15), and

(e) the entry relating to the gross amount (in Chapter 13 of Part 15).

(a) Section 809CZB was inserted by section 369 and paragraphs 1 and 7 of Schedule 5 of TIOPA 2010.

(b) Section 848(4) was inserted by section 40 and paragraph 2 of Schedule 13 of FA 2010.

(c) Section 873 was amended by section 30 and paragraph 23 of Schedule 6 of FA 2010.

(d) Section 899 was amended by section 1322 and paragraphs 699 and 700 of Schedule 1 of CTA 2009 and by section 1177 and paragraph 554 of Schedule 1 of CTA 2010.

(e) Section 904 was amended by section 1322 and paragraphs 699 and 708 of Schedule 1 of CTA 2009.

(f) Chapter 13 was amended by sections 1322 and 1326 and paragraphs 699 and 713 of Schedule 1 of CTA 2009 and by section 40 and paragraphs 1 and 2 of Schedule 13 of FA 2010.

(g) Section 964 was amended by section 69 of FA 2008.

CTA 2009

37.—(1) CTA 2009 is amended as follows.

(2) In section 932(1)(a) (overview of Part), omit paragraph (d).

(3) Omit Chapter 5(b) of Part 10 (distributions from unauthorised unit trusts).

(4) In section 982(1)(a) and (2)(a)(c) (provisions which must be given priority over Part 10), omit “5 or”.

CTA 2010

38.—(1) CTA 2010 is amended as follows.

(2) In section 1(3)(d) (overview of Act), omit paragraph (h).

(3) In section 486 (exemption for investment income and non-trading profits from loan relationships)—

(a) in subsection (2)(c), for the words from “Chapter 5” to the end substitute “regulation 15 of the Unauthorised Unit Trusts (Tax) Regulations 2013 as received by a unit holder from an exempt unauthorised unit trust.”, and

(b) in subsection (4), for the words from “Part 10 of CTA 2009” to the end substitute “regulation 15 of the Unauthorised Unit Trusts (Tax) Regulations 2013 (see regulation 17 of those regulations as to provisions given priority over that regulation).”

(4) Omit Chapter 3 of Part 13 (unauthorised unit trusts).

(5) In section 778(1)(b) (certain payments treated as interest), for the words from “Chapter 5” to the end substitute “Chapter 7 of Part 10 of CTA 2009 (annual payments not otherwise charged) or regulation 15 of the Unauthorised Unit Trusts (Tax) Regulations 2013.”

FA 2012

39. In section 74(1) of FA 2012 (the I – E rules: meaning of “income”)—

(a) omit paragraph (f),

(b) omit the “and” before paragraph (j), and

(c) after that paragraph insert “, and

(k) income of the company chargeable under regulation 15 of the Unauthorised Unit Trusts (Tax) Regulations 2013.”

Consequential repeals of other enactments

40. In consequence of the amendments made by the above provisions of this Part, omit the following provisions—

(a) in ITA 2007, paragraphs 541 and 542 of Schedule 1,

(b) in FA 2008, paragraph 23 of Schedule 1 and paragraph 25 of Schedule 12,

(c) in CTA 2009, paragraph 713 of Schedule 1,

(d) in FA 2009, paragraph 13(a) of Schedule 19,

(e) in CTA 2010, paragraph 663 of Schedule 1, and

(f) in FA 2010, section 40 and Schedule 13.

(a) Section 932 was amended by section 34 and paragraphs 20 and 23 of Schedule 14 of FA 2009.

(b) Chapter 5 was amended by section 1177 and paragraph 66 of Schedule 1 of CTA 2010.

(c) Sections 982(1)(a) and 982(2)(a) was amended by section 34 and paragraphs 20 and 26 of Schedule 14 of FA 2009.

(d) Section 1 was amended by sections 30 and 46 and paragraphs 1 and 2 of Schedule 16 and paragraph 1 of Schedule 5 of FA 2010 and by section 27 and paragraphs 19 and 20 of Schedule 3 of FA 2011.

Authorised Investment Funds Regulations

41.—(1) In regulation 17(2)(a) of the Authorised Investment Funds Regulations (allocation of income), after “Part 4 of CTA 2009” insert “or regulation 15 of the Unauthorised Unit Trusts (Tax) Regulations 2013”.

Offshore Funds Regulations

42. In regulation 18(6) of the Offshore Funds Regulations (the charge to tax: further provisions)—

- (a) omit the “or” at the end of paragraph (a), and
- (b) after paragraph (b) insert “or
- (c) the trustees of an exempt unauthorised unit trust to which regulations 22 or 23 of the Unauthorised Unit Trusts (Tax) Regulations 2013 applies.”

Signed

[Date] 2013

Name

Name

Two of the Lords Commissioners of Her Majesty’s Treasury