



Finance (No. 2) Act 2005

2005 CHAPTER 22

PART 2

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 3

AUTHORISED INVESTMENT FUNDS ETC

21 Unit trusts: treatment of accumulation units

- (1) In Chapter 3 of Part 3 of TCGA 1992 (collective investment schemes, etc) after section 99A insert—

“99B Calculation of the disposal cost of accumulation units

- (1) For the purposes of computing the gain accruing on a disposal by a unit holder of units in a unit trust scheme and for the purposes of all other provisions of this Act, an amount shall be treated as expenditure falling within section 38(1) (b) if—
- (a) it represents income from the investments subject to the unit trust scheme,
 - (b) it has been reinvested in respect of the units on behalf of the unit holder (without an issue of new units), and
 - (c) it is either—
 - (i) charged to income tax as income of the unit holder (or would be charged to income tax as his income but for a relief which has effect in respect of it) for the purposes of the Income Tax Acts, or
 - (ii) taken into account as a receipt in calculating profits, gains or losses of the unit holder for the purposes of the Income Tax Acts.

Changes to legislation: *There are currently no known outstanding effects for the Finance (No. 2) Act 2005, Section 21. (See end of Document for details)*

- (2) Where an amount is treated as expenditure by virtue of subsection (1), the expenditure shall be treated for the purposes of this Act as having been incurred—
 - (a) in relation to an authorised unit trust, on the distribution date for the distribution period in respect of which the amount is reinvested, and
 - (b) in relation to any other unit trust scheme, on the date on which the amount is reinvested.
 - (3) In subsection (2)(a) “distribution date” and “distribution period” shall have the meaning given by section 468H of the Taxes Act.”
- (2) This section shall have effect in relation to a disposal of units on or after 16th March 2005.

Changes to legislation:

There are currently no known outstanding effects for the Finance (No. 2) Act 2005, Section 21.