
STATUTORY INSTRUMENTS

1997 No. 1156

The Stamp Duty and Stamp Duty Reserve Tax (Open-ended Investment Companies) Regulations 1997

**Amalgamation of an authorised unit trust with an open-ended investment company—
exemption from stamp duty reserve tax charge**

10.—(1) Section 87 of the Finance Act 1986 shall not apply as regards an agreement to transfer securities which constitute property which is subject to the trusts of an authorised unit trust (“the target trust”) to an open-ended investment company (“the acquiring company”) if the conditions set out in paragraph (2) are fulfilled.

(2) Those conditions are that—

- (a) the agreement forms part of an arrangement for the amalgamation of an authorised unit trust with an open-ended investment company, whereby the whole of the available property of the target trust becomes part (but not the whole) of the property of the acquiring company;
- (b) under the arrangement all the units in the target trust are extinguished;
- (c) the consideration under the arrangement consists of or includes the issue of shares (“the consideration shares”) in the acquiring company to the persons who held the extinguished units;
- (d) the consideration shares are issued to those persons in proportion to their holdings of the extinguished units; and
- (e) the consideration under the arrangement does not include anything else other than the assumption or discharge by the acquiring company of liabilities of the trustees of the target trust.

(3) Where—

- (a) stamp duty is not chargeable on an instrument by virtue of regulation 9(1), or
- (b) section 87 of the Finance Act 1986 does not apply as regards an agreement by virtue of paragraph (1) of this regulation,

section 87 of the Finance Act 1986 shall not apply as regards an agreement, or a deemed agreement, to transfer a unit to the managers of the target trust which is made in order that the unit may be extinguished under the arrangement mentioned in regulation 9(2)(b) or, as the case may be, paragraph (2)(b) of this regulation.

(4) This regulation applies—

- (a) to an agreement which is not conditional, if the agreement is made on or after the date of coming into force of these Regulations but before 1st July 1999; and
- (b) to a conditional agreement, if the condition is satisfied on or after the date of coming into force of these Regulations but before 1st July 1999.