

# LAND TRANSACTION TAX AND ANTI-AVOIDANCE OF DEVOLVED TAXES (WALES) ACT 2017

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## EXPLANATORY NOTES

### COMMENTARY ON SECTIONS

#### **Part 8 – Interpretation and Final Provisions**

##### *Schedule 19 - Open-ended investment company reliefs*

401. The two reliefs for open-ended investment companies are provided to enable authorised unit trusts to be reorganised either through conversion to an open-ended investment company or amalgamation with an open-ended investment company.

#### **Relief from land transaction tax: conversion of an authorised unit trust to an open-ended investment company**

402. [Paragraph 1](#) of this Schedule outlines the conditions under which relief from LTT may be claimed where there is a land transaction transferring property subject to the trusts of an authorised unit trust to an open-ended investment company. The conditions provide that relief is restricted to those cases where:
- the authorised unit trust is converted into an open-ended investment company; and the whole of the property available is transferred and becomes the whole of the property of the open-ended investment company;
  - as part of the transaction all the units in the authorised unit trust are extinguished;
  - the consideration under the arrangements consists of or includes the issue of shares in the open-ended investment company to the persons who held the extinguished units;
  - the shares are issued in the same proportion as the extinguished units held; and
  - the consideration only comprises the assumption or discharge of liabilities of the trustees of the authorised unit trust.

#### **Relief from land transaction tax: amalgamation of an authorised unit trust with an open-ended investment company**

403. [Paragraph 2](#) of this Schedule outlines the conditions under which relief from LTT may be available where there is a land transaction transferring property subject to the trusts of an authorised unit trust to an open-ended investment company where there is a merger between the two. The conditions provide that relief is restricted to those cases where:
- the whole of the property of the authorised unit trust becomes a part (but not all) of the property of the open-ended investment company;

*These notes refer to the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 (c.1) which received Royal Assent on 24 May 2017*

- as part of the arrangements for the amalgamation all the units in the authorised unit trust are extinguished;
  - the consideration under the arrangements consists of or includes the issue of shares in the open-ended investment company to the persons who held the extinguished units;
  - the shares are issued in the same proportion as the extinguished units held; and
  - the consideration only comprises the assumption or discharge of liabilities of the trustees of the authorised unit trust.
404. For the purposes of this Schedule, “the whole of the available property of the target trust” does not include any property retained for the purpose of discharging liabilities of the trustees.