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## SCHEDULES

### SCHEDULE 19

#### STAMP DUTY AND STAMP DUTY RESERVE TAX: UNIT TRUSTS

#### PART III

##### MINOR AND CONSEQUENTIAL AMENDMENTS

##### *Finance Act 1986 (c. 41)*

- 10 In section 88(1) of the Finance Act 1986 (instruments exempt from stamp duty disregarded for the purpose of repayment etc. of stamp duty reserve tax), after paragraph (b) insert—
- “, or
- (c) Part I of Schedule 19 to the Finance Act 1999 (transfers etc. of units in unit trusts),”.
- 11 (1) Section 90 of the Finance Act 1986 (exceptions from general charge to stamp duty reserve tax) is amended as follows.
- (2) In subsection (1) (transfer of unit to managers of unit trust scheme) for “to the managers” substitute “to or from the managers”.
- (3) After that subsection insert—
- “(1A) Section 87 above shall not apply as regards an agreement to transfer a unit under a unit trust scheme if an instrument executed at the same time as the agreement and giving effect to the agreement would be exempt from stamp duty (if stamp duty were otherwise chargeable) by virtue of—
- (a) section 42 of the Finance Act 1930 or section 11 of the Finance Act (Northern Ireland) 1954 (transfers between associated companies),
- or
- (b) regulations under section 87(2) of the Finance Act 1985 (power to exempt instruments from stamp duty of fixed amount).”.
- (4) After the subsection inserted by sub-paragraph (3) insert—
- “(1B) Section 87 above shall not apply as regards an agreement to transfer trust property to the unit holder on the surrender to the managers of a unit under a unit trust scheme.
- The reference here to the surrender of a unit has the same meaning as in Part II of Schedule 19 to the Finance Act 1999.”.
- (5) The amendments in sub-paragraphs (2) and (3) apply where the relevant day for the purposes of section 87 of the Finance Act 1986 falls on or after 6th February 2000.

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- (6) The amendment in sub-paragraph (4) applies where the surrender (within the meaning of Part II of Schedule 19 to the Finance Act 1999) occurs on or after 6th February 2000.
- 12 (1) Section 99 of the Finance Act 1986 (general interpretation provisions) is amended as follows.
- (2) In subsection (5) (securities excepted from being chargeable securities), in paragraph (a), after “securities” insert “falling within paragraph (a), (b) or (c) of subsection (3) above”.
- (3) After that subsection insert—
- “(5A) “Chargeable securities” does not include a unit under a unit trust scheme if—
- (a) all the trustees under the scheme are resident outside the United Kingdom and the unit is not registered in a register kept in the United Kingdom by or on behalf of the trustees under the scheme; or
- (b) under the terms of the scheme the trust property can only be invested in exempt investments.
- (5B) For the purposes of subsection (5A)(b)—
- (a) an investment other than an interest under a collective investment scheme is an exempt investment if, and only if—
- (i) it is not an investment on the transfer of which *ad valorem* stamp duty would be chargeable, and
- (ii) it is not a chargeable security;
- (b) an interest under a collective investment scheme is an exempt investment if, and only if, the scheme is an authorised unit trust scheme or an open-ended investment company and under the terms of the scheme the property subject to the scheme—
- (i) cannot be invested in such a way that income can arise to the trustees or the company that will be chargeable to tax in their hands otherwise than under Case III of Schedule D, and
- (ii) can only be invested in exempt investments;
- (c) a derivative is an exempt investment if, and only if, it relates wholly to one or more exempt investments; and
- (d) funds held for the purposes of the day to day management of the unit trust scheme are not regarded as investments.
- In this subsection “authorised unit trust scheme”, “collective investment scheme” and “open-ended investment company” have the same meaning as in the Financial Services Act 1986.”.
- (4) For subsection (9) (meaning of “unit” and “unit trust scheme”) substitute—
- “(9) “Unit trust scheme” and related expressions have the meanings given by Part IV of Schedule 19 to the Finance Act 1999.”.