
STATUTORY INSTRUMENTS

1997 No. 1154

The Open-ended Investment Companies (Tax) Regulations 1997

PART VI

MISCELLANEOUS PROVISIONS

Distributions by authorised unit trust after the end of its pre-transfer accounting period

26.—(1) Where, in a case to which regulation 25(1) applies, there is in respect of any post-transfer distribution date of the target trust an amount which, were it not for this provision, would be treated for the purposes of the Tax Acts in accordance with subsection (2) of section 468J as dividends on shares paid on that distribution date by the target trust to its unit holders in proportion to their rights, that amount shall instead be treated for those purposes in accordance with that subsection (as it applies in relation to open-ended investment companies by virtue of these Regulations) as dividends on shares paid on that date by the acquiring company to those persons in proportion to their rights.

(2) Where, in a case to which regulation 25(1) applies, there is in respect of any post-transfer distribution date of the target trust an amount which, were it not for this provision, would be treated for the purposes of the Tax Acts in accordance with subsection (2) of section 468K as foreign income dividends on shares paid on that distribution date by the target trust to its unit holders in proportion to their rights, that amount shall instead be treated for those purposes in accordance with that subsection (as it applies in relation to open-ended investment companies by virtue of these Regulations) as foreign income dividends on shares paid on that date by the acquiring company to those persons in proportion to their rights.

(3) In circumstances in which paragraph (1) or (2) applies where—

- (a) there is an amount of surplus advance corporation tax in relation to the accounting period of the acquiring company in which a post-transfer distribution date of the target trust falls, not being advance corporation tax which has been repaid to that company, and
- (b) that amount has not been dealt with under section 239(3),

the amount shall, subject to paragraph (4), be treated for the purposes of section 239(3) as if it were an amount of surplus advance corporation tax in relation to the post-transfer accounting period of the target trust.

(4) The aggregate amount of surplus advance corporation tax falling to be treated as mentioned in paragraph (3) in respect of the post-transfer accounting period of the target trust shall not exceed the aggregate amount of advance corporation tax paid in respect of dividends and foreign income dividends treated as paid by the acquiring company by virtue of paragraphs (1) and (2).

(5) For the purposes of sections 246J, 246N, 246P and 246Q, amounts treated by virtue of paragraph (2) as foreign income dividends paid on a distribution date by the acquiring company shall be treated as foreign income dividends paid by the target trust in its pre-transfer accounting period and not as foreign income dividends paid by the acquiring company.

(6) For the purposes of paragraph (5), section 246J shall have effect as if—

- (a) in subsection (4) the words from “or for the accounting period” to the end were omitted;

(b) in subsection (5) the words from “and no such amount” to the end were omitted.

(7) In this regulation—

“post-transfer accounting period” in relation to a target trust means the accounting period of that trust which begins on the transfer date and ends, notwithstanding anything in section 12(1) to (7), on the post-transfer distribution date or, where there is more than one post-transfer distribution date, the latest such date;

“post-transfer distribution date” of a target trust means a distribution date of that trust which occurs on or after the transfer date and which is the distribution date for a distribution period of the trust ending before the transfer date.