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STATUTORY INSTRUMENTS

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**2009 No. 23**

**The Income Tax Act 2007 (Amendment) Order 2009**

**Amendment of the Income Tax Act 2007**

5.—(1) The Income Tax Act 2007 is amended as follows.

(2) After section 504 insert—

**“Treatment of capital expenditure of unauthorised unit trust**

**504A.**—(1) This section applies for income tax purposes in relation to an unauthorised unit trust if the trustees are UK resident.

(2) The trustees (and not the unit holders) are treated as the persons to or on whom an allowance or charge is to be made under any provision relating to relief for capital expenditure.”

(3) In section 821 (meaning of “relevant disregarded income”)—

(a) in subsection (3) for “subsection (4)” substitute “subsection (5)”; and

(b) in subsection (4) for “subsections (2) and (3)” substitute “subsection (2)”; and

(c) after subsection (4) insert—

“(5) The transactions referred to in subsection (3) are transactions—

(a) carried out by the investment manager on the non-UK resident company’s behalf, and

(b) in relation to which the investment manager does not fall to be treated as a permanent establishment of the non-UK resident company, ignoring the requirements of the 20% rule.”

(4) In section 904(2)(a) (annual payments for dividends or non-taxable consideration) after “ITTOIA 2005” insert “otherwise than as relevant foreign income”.

(5) In section 1007 (meaning of “unit trust scheme”) for subsection (2) substitute—

“(2) The Treasury may, in relation to a unit trust scheme within the meaning given by section 237 of FISMA 2000 whose trustees are UK resident, by regulations provide that the scheme is not to be a unit trust scheme for the purposes of the definition in section 989 of “unauthorised unit trust” if it is within a specified description.”