

These notes refer to the Finance Act 2010 (c.13) which received Royal Assent on 8 April 2010

FINANCE ACT 2010

EXPLANATORY NOTES

INTRODUCTION

Section 40 Schedule 13: Unauthorised Unit Trusts

Background Note

17. The legislation responds to schemes notified to HM Revenue & Customs (HMRC) that seek to take advantage of the tax rules applicable to unauthorised unit trusts by using them to convert foreign income subject to withholding tax into receipts of UK income with an associated UK tax credit.
18. The aim of the schemes is to generate repayment of the tax credit or to avoid restrictions on the use of credits for foreign tax.
19. The legislation ensures that the income is treated as foreign income from which foreign tax has been deducted, to the extent that it is identified as deriving from a foreign source.
20. More information on the amendments can be found in the Technical Note published on the HMRC website on 21 October 2009 and the Written Ministerial Statement (“Anti-Avoidance”) made by the Financial Secretary to the Treasury on the same day.