

These notes refer to the Finance Act 2009 (c.10) which received Royal Assent on 21 July 2009

FINANCE ACT 2009

EXPLANATORY NOTES

INTRODUCTION

Section 44 Schedule 22: Tax Treatment of Participants in Offshore Funds

Background

Part 2 of the Schedule

34. Under current legislation, for the purpose of tax on chargeable gains, units in a unit trust are treated as if they were shares in a company. However, rights in funds in foreign jurisdictions which are not companies, unit trusts or partnerships (mostly those constituted by contractual arrangements) are often treated differently depending on the structure of those funds.
35. If such a fund comes within the revised definition of an “offshore fund”, a new section of TCGA 1992 will apply similar treatment to rights in such funds subject to transitional rules set out in the details above.
36. Partnerships will not be affected as they will be specifically excluded from the definition of offshore funds.