



Finance Act 2011

2011 CHAPTER 11

PART 2

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

Investment trusts

49 Meaning of “investment trust”

- (1) Chapter 4 of Part 24 of CTA 2010 (investment trusts) is amended as follows.
- (2) For section 1158 (meaning of “investment trust” in the Corporation Tax Acts) substitute—

“1158 Meaning of “investment trust”

- (1) For the purposes of the Corporation Tax Acts a company is an “investment trust” with respect to an accounting period if—
 - (a) conditions A to C are met throughout the period, and
 - (b) the company is approved for the period by the Commissioners for Her Majesty's Revenue and Customs (see section 1159).
- (2) Condition A is that the business of the company consists of investing its funds in shares, land or other assets with the aim of spreading investment risk and giving members of the company the benefit of the results of the management of its funds.
- (3) Condition B is that the shares making up the company's ordinary share capital (or, if there are such shares of more than one class, those of each class) are admitted to trading on a regulated market.
- (4) For this purpose “regulated market” has the same meaning as in Directive [2004/39/EC](#) of the European Parliament and of the Council on markets in financial instruments (see Article 4.1(14)).

Status: Point in time view as at 19/07/2011.

Changes to legislation: Finance Act 2011, Cross Heading: Investment trusts is up to date with all changes known to be in force on or before 25 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (5) Condition C is that the company is not—
 - (a) a venture capital trust (within the meaning of Part 6 of ITA 2007), or
 - (b) a company UK REIT (within the meaning of Part 12 of this Act).
 - (6) The Treasury may by regulations provide—
 - (a) for one or both of conditions A and B to be treated as met in the cases, and subject to any conditions, specified in the regulations, and
 - (b) for the period for which the condition or conditions are treated as met.
 - (7) The Treasury may also by regulations amend subsection (3) or (4).
 - (8) A statutory instrument containing the first regulations under subsection (6) may not be made unless a draft of the instrument has been laid before and approved by a resolution of the House of Commons.
 - (9) Any other statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of the House of Commons.”
- (3) For section 1159 (conditions for approval) substitute—

“1159 Approval

- (1) The Treasury may by regulations make provision about the approval of a company for an accounting period for the purposes of section 1158(1)(b), including provision about—
 - (a) applications for approval,
 - (b) the determination of applications for approval,
 - (c) requirements to be met by the company while approved,
 - (d) the withdrawal of approval by notice, or
 - (e) the consequences of the withdrawal of approval.
- (2) The regulations may, in particular—
 - (a) include provision under which an application for approval—
 - (i) is to be made by reference to the accounting period in which the application is made or such earlier or later accounting period as may be specified in the application, and
 - (ii) is to constitute an application for approval for that and all subsequent accounting periods,
 - (b) specify the form and content of, and information to accompany, an application,
 - (c) permit or require the Commissioners to grant or refuse an application where conditions specified in the regulations are met (or appear to the Commissioners to be met) in relation to the company,
 - (d) permit or require the Commissioners to withdraw approval where—
 - (i) conditions specified in the regulations are met (or appear to the Commissioners to be met) in relation to the company, or
 - (ii) the company has failed to comply with requirements imposed by the regulations,
 - (e) include provision prohibiting a company from which approval has been withdrawn from reapplying, or

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- (f) include provision under which approval may or must be withdrawn in relation to an accounting period that ends before the notice withdrawing approval is given.
- (3) Regulations under this section—
 - (a) may make different provision for different cases or purposes, and
 - (b) may make incidental, consequential, supplementary or transitional provision.
- (4) A statutory instrument containing the first regulations under this section may not be made unless a draft of the instrument has been laid before and approved by a resolution of the House of Commons.
- (5) Any other statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of the House of Commons.
- (6) In this section “the Commissioners” means the Commissioners for Her Majesty's Revenue and Customs.”
- (4) Omit sections 1160 to 1165 (which relate to the interpretation of the provisions replaced by this section).
- (5) In Schedule 4 (index of defined expressions), omit the following entries—
 - “company (in Chapter 4 of Part 24)”
 - “scheme of reconstruction (in Chapter 4 of Part 24)”
 - “shares (in Chapter 4 of Part 24)”.
- (6) The amendments made by this section have effect in relation to accounting periods beginning on or after such day as the Treasury may by order appoint.

Subordinate Legislation Made

P1 S. 49(6) power fully exercised: 1.1.2012 appointed by {S.I. 2011/2977}, art. 2

50 Power to make provision about treatment of transactions

In Part 13 of CTA 2010 (special types of company etc), after Chapter 3 insert—

“CHAPTER 3A

INVESTMENT TRUSTS

622A Power to make provision about treatment of transactions

- (1) The Treasury may by regulations provide that a transaction of a specified kind entered into by an investment trust is to be treated for the purposes of the Corporation Tax Acts as entered into by it otherwise than in the course of a trade.
- (2) Regulations under this section—
 - (a) may make different provision for different cases or purposes, and

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- (b) may make incidental, consequential, supplementary or transitional provision.
- (3) A statutory instrument containing the first regulations under this section may not be made unless a draft of the instrument has been laid before and approved by a resolution of the House of Commons.
- (4) Any other statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of the House of Commons.
- (5) In this section “specified” means specified in regulations under this section.”

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