

**2008 No. 710**

**STAMP DUTY LAND TAX**

**The Stamp Duty Land Tax (Open-ended Investment Companies)  
Regulations 2008**

<i>Made</i>	- - - -	<i>12th March 2008</i>
<i>Laid before the House of Commons</i>		<i>12th March 2008</i>
<i>Coming into force</i>	- -	<i>6th April 2008</i>

The Treasury make the following Regulations in exercise of the powers conferred by sections 102 and 123(2) and (3) of the Finance Act 2003(a).

**Citation and commencement**

1. These Regulations may be cited as the Stamp Duty Land Tax (Open-ended Investment Companies) Regulations 2008 and shall come into force on 6th April 2008.

**Interpretation**

2. In these Regulations—

“authorised unit trust” means a unit trust scheme in the case of which an order under section 243 of the Financial Services and Markets Act 2000(b) is in force;

“land transaction” has the meaning given by section 43(1) of the Finance Act 2003; and

“land transaction return” has the meaning given by section 76(1) of that Act.

**Conversion of an authorised unit trust to an open-ended investment company – exemption from stamp duty land tax charge**

3.—(1) A land transaction transferring any property which is subject to the trusts of an authorised unit trust (“the target trust”) to an open-ended investment company (“the acquiring company”) is exempt from charge to stamp duty land tax if the conditions set out in paragraph (2) are fulfilled.

(2) Those conditions are that—

- (a) the transfer forms part of an arrangement for the conversion of an authorised unit trust to an open-ended investment company, whereby the whole of the available property of the target trust becomes the whole of the property of the acquiring company;
- (b) under the arrangement all the units in the target trust are extinguished;

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(a) 2003 c. 14.  
(b) 2000 c. 8.

- (c) the consideration under the arrangement consists of or includes the issue of shares (“the consideration shares”) in the acquiring company to the persons who held the extinguished units;
- (d) the consideration shares are issued to those persons in proportion to their holdings of the extinguished units; and
- (e) the consideration under the arrangement does not include anything else, other than the assumption or discharge by the acquiring company of liabilities of the trustees of the target trust.

(3) Relief under this regulation must be claimed in a land transaction return or an amendment of such a return.

(4) In this regulation and in regulation 4 “the whole of the available property of the target trust” means the whole of the property subject to the trusts of the target trust, other than any property which is retained for the purpose of discharging liabilities of the trustees of the target trust.

(5) For the purposes of this regulation and regulation 4, each of the parts of an umbrella scheme (and not the scheme as a whole) shall be regarded as an authorised unit trust, and “umbrella scheme” has the same meaning as in section 468 of the Income and Corporation Taxes Act 1988(a).

**Amalgamation of an authorised unit trust with an open-ended investment company – exemption from stamp duty land tax charge**

4.—(1) A land transaction transferring any property which is subject to the trusts of an authorised unit trust (“the target trust”) to an open-ended investment company (“the acquiring company”) is exempt from charge to stamp duty land tax if the conditions set out in paragraph (2) are fulfilled.

(2) Those conditions are that—

- (a) the transfer forms part of an arrangement for the amalgamation of an authorised unit trust with an open-ended investment company, whereby the whole of the available property of the target trust becomes part (but not the whole) of the property of the acquiring company;
- (b) under the arrangement all the units in the target trust are extinguished;
- (c) the consideration under the arrangement consists of or includes the issue of shares (“the consideration shares”) in the acquiring company to the persons who held the extinguished units;
- (d) the consideration shares are issued to those persons in proportion to their holdings of the extinguished units; and
- (e) the consideration under the arrangement does not include anything else, other than the assumption or discharge by the acquiring company of liabilities of the trustees of the target trust.

(3) Relief under this regulation must be claimed in a land transaction return or an amendment of such a return.

*Dave Watts  
Alan Campbell*

12th March 2008

Two of the Lords Commissioners of Her Majesty’s Treasury

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(a) 1988 c. 1; section 468 was relevantly amended by section 113(2) of the Finance Act 1994 (c. 9) and paragraph 4 of Schedule 20 to the Financial Services and Markets Act 2000.

## **EXPLANATORY NOTE**

*(This note is not part of the Regulations)*

These Regulations make provision for the exemption from stamp duty land tax of land transactions transferring property on the conversion of an authorised unit trust to, or its amalgamation with, an open-ended investment company.

Regulation 1 provides for citation and commencement, and regulation 2 for interpretation.

Regulation 3 exempts from stamp duty land tax a land transaction transferring property of a unit trust to an open-ended investment company, where the transfer is made as part of the conversion of the trust to the company. Exemption is given where the units of the unit trust are extinguished and the unit holders receive as consideration shares in the company, in proportion to their holdings of units in the trust.

Regulation 4 makes similar provision for exemption from stamp duty land tax, where the property is transferred as part of the amalgamation of a unit trust with an open-ended investment company.

These Regulations do not impose new costs on business.

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STATUTORY INSTRUMENTS

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