



# Income and Corporation Taxes Act 1970

## 1970 CHAPTER 10

### PART XII

#### SPECIAL CLASSES OF COMPANIES AND BUSINESSES

### CHAPTER VI

#### UNIT TRUSTS AND INVESTMENT TRUSTS

##### *Unit trusts and investment trusts*

#### **356 Rate of tax on chargeable gains**

The rate of tax payable by an authorised unit trust or by an investment trust on any chargeable gains accruing in any accounting period (as calculated in accordance with section 265 of this Act) shall not exceed that payable in that period by an individual under section 20(3) of the Finance Act 1965.

#### **357 Apportionment of chargeable gains**

- (1) For the purposes of section 37 of the Finance Act 1965 (relief for unit holders in respect of chargeable gains of unit trust) the total net gains of an authorised unit trust for an accounting period are the excess, if any, of the chargeable gains accruing to the unit trust in the period over the allowable losses deductible from those gains (as those gains and losses are computed for the charge to tax on the unit trust), after deduction from that excess of the tax which will be charged on the unit trust for the period in respect of chargeable gains, and the proportion attributable to any unit holder of the total net gains for any accounting period shall be determined by the unit trust, regard being among other things had, as between units of different classes, to the proportion of the assets of the unit trust representing gains on capital which would be attributable to the respective classes in a liquidation of the unit trust; and no apportionment which

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*Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.*

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the unit trust makes under this section shall be questionable in any proceedings by the unit holders or by any other person.

(2) After carrying out an apportionment under subsection (1) of this section the unit trust shall give any unit holder to whom part of the total net gains is attributable a notice referring to the provisions of this section and certifying—

- (a) the total net gains (employing that term) of the unit trust for the accounting period, so far as known ; and
- (b) the amount apportioned to him ;

and the unit holders between whom the total net gains are to be apportioned shall (except on an apportionment made in accordance with subsection (3) below) be determined by reference to the same date as the right to payment of the first dividend after the end of the accounting period, and that date shall be deemed to be the date when the apportionment is made and shall be specified in the notice.

(3) The apportionment under subsection (1) of this section shall be carried out separately for each accounting period but a notice may be issued in respect of part of an accounting period apportioned in the light of the information available at the time, and an apportionment (or final apportionment) for an accounting period may be made at or after the end of the period, notwithstanding that any amounts are not finally ascertained; but if at any time it is found that too much or too little has been apportioned it shall be corrected as soon as may be by deduction from or addition to the total net gains of a later accounting period or periods.

(4) A notice under subsection (2) of this section may be combined with the statement in writing required to be given under section 242 of this Act (explanation of income tax deductions to be annexed to dividend warrants, etc.).

(5) Before the notices under subsection (2) of this section are sent out, particulars of the apportionments shall be submitted to the inspector, and the notices shall not be sent out without his approval, but subject to a right of appeal to the General Commissioners having jurisdiction in any assessment on the unit trust, being a right of appeal against the refusal of the inspector to give his approval.

In the application of this subsection to Northern Ireland for the reference to the General Commissioners there shall be substituted a reference to the Special Commissioners.

(6) Anything required by this section to be done by a unit trust shall be done by the managers of the unit trust with the approval of the trustee.

(7) Subsections (1) to (5) above shall apply to an investment trust as they apply in relation to a unit trust with the necessary adaptations of references to units and unit holders.