STATUTORY INSTRUMENTS

2013 No. 2819

The Unauthorised Unit Trusts (Tax) Regulations 2013

PART 4

Transitional provisions

CHAPTER 1

Transitional provisions for exempt unauthorised unit trusts

Transitional year for exempt unauthorised unit trusts

30.—(1) This regulation applies in the case of a trust—

(a) which was an unauthorised unit trust immediately before 6 April 2014, and

(b) which is approved as an exempt unauthorised unit trust for a period including 6 April 2014.

(2) For the purposes of this regulation a trust's "transitional year" is—

(a) the tax year 2013-14, where the trust has an accounting date in the tax year 2013-14 on or after the day after these Regulations are made, or

(b) the tax year 2014-15, where the trust either has an accounting date in the tax year 2013-14 before the day after these Regulations are made or has no accounting date in the tax year 2013-14.

(3) In a tax year which is a trust's transitional year, the income of the trust for that tax year is taken to be the income arising in the period beginning with 6 April and ending with the accounting date in that year.

(4) If a trust's transitional year is the tax year 2014-15, regulation 7(4), Chapters 3 to 7 of Part 2 and Parts 3 and 5 do not apply in relation to the trust for that year.

(5) A transitional year does not count for the purposes of determining the first or second tax year that a trust is an exempt unauthorised unit trust under regulation 11(4) or (5).

(6) Any deemed payment or deemed deduction which would (but for this regulation) have been treated as made by the trustees under section 941 of ITA 2007 after the accounting date of the transitional year of the trust is treated as made on that accounting date.

(7) Any income of the trust which—

(a) is shown in the trust's accounts for its transitional year as available for payment to unit holders or for investment, and

(b) would (but for this regulation) arise to the trustees in a tax year later than the transitional year,

is treated as arising to the trustees in the trust's transitional year.

(8) For the purposes of this regulation, the accounting date, in relation to a tax year, means—

(a) the date in the tax year to which accounts are drawn up, or

(b) if there are two or more such dates, the latest of them.

CHAPTER 2

Transitional provisions for non-exempt unauthorised unit trusts

Unauthorised unit trusts coming within charge to corporation tax: final deemed payments and accrued income profits

31.—(1) In the case of an unauthorised unit trust which comes within the charge to corporation tax on 6 April 2014 or a later date, any amount of income which would (but for this regulation) have been treated under—

(a) Chapter 10 of Part 4 of ITTOIA 2005, or

(b) Chapter 5 of Part 10 of CTA 2009,

as received by its unit holders on or after 6 April 2014 or that later date is treated as received on 5 April 2014 or, as the case may be, the day before that later date (and, accordingly, the trustees are treated as making a deemed payment under section 941 of ITA 2007 in respect of that income on the same day).

(2) Any income of the trust which would (but for this regulation) be included in the amount of accrued income profits treated under Part 12 of ITA 2007 as made on or after 6 April 2014 or a later date, is included in the amount of accrued income profits treated under that Part as made on 5 April 2014 or, as the case may be, the day before that later date.

Part 5 not to apply to mixed unauthorised unit trusts

32.—(1) An unauthorised unit trust is not a non-exempt unauthorised unit trust, and Part 5 does not apply in relation to the trust, if at all times in the period beginning with 24 May 2012 and ending with 5 April 2014 it had at least one unit holder which was, and at least one unit holder which was not, an eligible investor.

(2) But paragraph (1) ceases to apply in relation to the trust if subsequently it no longer has any unit holders which are eligible investors.

[[F1](3) Where paragraph (1) applies, section 504 of ITA 2007 shall be read as if it included after subsection (4)—

> "(4A) Subsections (1) to (4) of section 272A of ITTOIA 2005 (restricting deductions for finance costs related to residential property) do not apply in relation to calculating the profits of a UK property business, or overseas property business, for the purposes of charging the trustees to income tax on those profits."**]**

F1 Reg. 32(3) inserted (7.1.2016) by The Unauthorised Unit Trusts (Tax) (Amendment No. 2) Regulations 2015 (S.I. 2015/2053), regs. 1, **4**