HMRC - STSM101100 - Schemes Not Treated As Unit Trust Schemes

Some unit trusts (by virtue of FA99/SCH19/PARA15-17) are specifically deemed not to be unit trusts and therefore not collective investment schemes for the purposes of stamp duty or Stamp Duty Reserve Tax (SDRT) under FA99/SCH19.

Such unit trust schemes include:

a common investment scheme under section 22 of the Charities Act 1960, section 25 of the Charities Act (Northern Ireland) 1964 or section 24 of the Charities Act 1993;

a common deposit scheme under section 22A of the Charities Act 1960 or section 25 of the Charities Act 1963; or

a unit trust scheme the units in which are under the terms of the trust instrument required to be held only by bodies established for charitable purposes only or trustees of trusts so established;

a common investment arrangement made by trustees of exempt approved schemes (within the meaning of TA88/S592(1)) solely for the purposes of the schemes;

a unit trust scheme made by the Lord Chancellor in exercise of the powers conferred on him by section 42(1) of the Administration of Justice Act 1982 (Stamp duty and Stamp Duty Reserve Tax (Definition of Unit Trust Scheme) Regulations 1992) (SI 1992/197).

Pension Fund Pooling Vehicle (PFPV)

In addition, the Stamp Duty and Stamp Duty Reserve Tax (Pension Fund Pooling Schemes) Regulations 1996 (SI 1996/1584) provide for unit trust schemes which qualify as Pension Fund Pooling Vehicles (PFPVs) under the Income Tax (Pension Funds Pooling Schemes) Regulations 1996 (SI 1996/1585) to be ‘transparent’ for tax purposes and not treated as unit trust schemes for stamp duty and SDRT purposes.

A PFPV enables investors to both contribute and withdraw securities without an ad valorem stamp duty charge. It treats units which are issued as consideration by a PFPV as not being ‘stock’ for the purposes of stamp duty. In addition, a transfer of ‘units’ in a PFPV is not regarded as ‘chargeable securities’ for a charge to SDRT.

See STSM101010 for the meaning of a Collective Investment Scheme.

See STSM101020 and STSM101030 for the meaning of a Unit Trust.

See STSM082110 for meaning of a common investment arrangement.

See STSM082090 and STSM082100 for further guidance on a Pension Fund Pooling Vehicle.

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