HMRC - STSM106035 - Exemptions - Third Party Transfers On Or After 30 March 2014

There are occasions where units in a unit trust or shares in an Open-Ended Investment Company (OEIC) that are agreed to be transferred on sale under a third party transfer arrangement can be regarded as exempt from the FA86/S87 Stamp Duty Reserve Tax (SDRT) charge.

SDRT exemptions for third party transfers include:

No consideration in money or money’s worth is provided by the purchaser;

The purchaser is a charitable company (FA86/S90(7));

The purchaser is the trustees of a trust established for charitable purposes only (FA86/S90(7));

The transferee is the trustees of the National Heritage Memorial Fund (FA86/S90(7));

The transferee is the Historic Buildings and Monuments Commission for England

(FA86/S90(7));

The transfer, were there to be a written instrument, would be exempt from Stamp Duty (if Stamp Duty were otherwise chargeable) by virtue of:-

FA97/S96 - demutualisation of insurance companies i.e. the business of a mutual insurance company is transferred to an acquiring company;

FA30/S42 (or section 11 Finance Act (Northern Ireland) 1954 - transfers between associated companies/ group relief; and

The transfer is in a fund scheme, the trustees of which are resident outside of the UK and no register of the units/OEIC shares is kept in the UK by or on behalf of the trustees of the scheme (FA86/S99(5A)(a)); and

The terms of the fund scheme allow it to invest only in exempt investments (FA86/S99(5A(b)).

The above list is not exhaustive.

Where units or OEIC shares are surrendered to a fund manager under a third party transfer arrangement, similar exemptions from the FA99/SCH19 SDRT charge exist where the surrender and transfer occurs prior to 30 March 2014.

With effect from 30 March 2014, SDRT was abolished on the surrender and transfer of units in a unit trust and shares in an OEIC. More information on the exemptions available under FA99/SCH19 is at STSM106030.

See STSM101020 for the meaning of a unit trust.

See STSM101050 for the meaning of an OEIC.

See STSM105020 and STSM105050 for the meaning of exempt investments.