HMRC - STSM107100 - Termination Of A Collective Investment Scheme

Under the terms of a collective investment scheme such as a unit trust or an Open-Ended Investment Company (OEIC), provision may be made whereby the trust fund or OEIC is to be wound-up or terminated, with the fund’s investments distributed to each of the unit or OEIC share holders, proportionate to the value of the units/OEIC shares held.

In this situation, and in accordance with the terms of the arrangement for the winding-up of the fund, existing units (or OEIC shares) in circulation are cancelled by the fund manager on the appointed day and all of the investments held by the fund are distributed to the former unit/share holders.

No charge to stamp duty reserve tax arises under FA99/SCH19 or FA86/S87 on the termination or winding-up of a unit trust or OEIC in accordance with the terms of the arrangement. This is because the cancellation of units or OEIC shares is not regarded as being a ‘surrender’ for the purposes of a FA99/SCH19 charge under paragraph 2(1), or an ‘agreement to transfer’ under FA86/S87.

See STSM101020 for the meaning of a unit trust.

See STSM101050 for the meaning of an Open-Ended Investment Company.

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