
SCOTTISH STATUTORY INSTRUMENTS

2015 No. 322

LAND AND BUILDINGS TRANSACTION TAX

The Land and Buildings Transaction Tax (Open-ended Investment Companies) (Scotland) Regulations 2015

Made - - - - 4th September 2015
Laid before the Scottish Parliament - - - - 7th September 2015
Coming into force - - 6th October 2015

The Scottish Ministers make the following Regulations in exercise of the powers conferred by section 46 of the Land and Buildings Transaction Tax (Scotland) Act 2013⁽¹⁾ and all other powers enabling them to do so.

Citation and commencement

1. These Regulations may be cited as the Land and Buildings Transaction Tax (Open-ended Investment Companies) (Scotland) Regulations 2015 and come into force on 6th October 2015.

Interpretation

2. In these Regulations, “authorised unit trust” means a unit trust scheme in the case of which an order under section 243 of the Financial Services and Markets Act 2000⁽²⁾ is in force.

Conversion of an authorised unit trust to an open-ended investment company - exemption from land and buildings transaction tax charge

3.—(1) A land transaction transferring any property which is subject to the trusts of an authorised unit trust (“the target trust”) to an open-ended investment company (“the acquiring company”) is exempt from charge to land and buildings transaction tax if the conditions set out in paragraph (2) are fulfilled.

(2) Those conditions are that—

- (a) the transfer forms part of an arrangement for the conversion of an authorised unit trust to an open-ended investment company, whereby the whole of the available property of the target trust becomes the whole of the property of the acquiring company;

(1) 2013 asp 11.
(2) 2000 c.8.

- (b) under the arrangement all the units in the target trust are extinguished;
 - (c) the consideration under the arrangement consists of or includes the issue of shares (“the consideration shares”) in the acquiring company to the persons who held the extinguished units;
 - (d) the consideration shares are issued to those persons in proportion to their holdings of the extinguished units; and
 - (e) the consideration under the arrangement does not include anything else, other than the assumption or discharge by the acquiring company of liabilities of the trustees of the target trust.
- (3) Relief under this regulation must be claimed in a land transaction return or an amendment of such a return.
- (4) In this regulation and in regulation 4 “the whole of the available property of the target trust” means the whole of the property subject to the trusts of the target trust, other than any property which is retained for the purpose of discharging liabilities of the trustees of the target trust.
- (5) For the purposes of this regulation and regulation 4, each of the parts of an umbrella scheme (and not the scheme as a whole) shall be regarded as an authorised unit trust.

Amalgamation of an authorised unit trust with an open-ended investment company - exemption from land and buildings transaction tax charge

4.—(1) A land transaction transferring any property which is subject to the trusts of an authorised unit trust (“the target trust”) to an open-ended investment company (“the acquiring company”) is exempt from charge to land and buildings transaction tax if the conditions set out in paragraph (2) are fulfilled.

- (2) Those conditions are that—
- (a) the transfer forms part of an arrangement for the amalgamation of an authorised unit trust with an open-ended investment company, whereby the whole of the available property of the target trust becomes part (but not the whole) of the property of the acquiring company;
 - (b) under the arrangement all the units in the target trust are extinguished;
 - (c) the consideration under the arrangement consists of or includes the issue of shares (“the consideration shares”) in the acquiring company to the persons who held the extinguished units;
 - (d) the consideration shares are issued to those persons in proportion to their holdings of the extinguished units; and
 - (e) the consideration under the arrangement does not include anything else, other than the assumption or discharge by the acquiring company of liabilities of the trustees of the target trust.
- (3) Relief under this regulation must be claimed in a land transaction return or an amendment of such a return.

St Andrew’s House, Edinburgh
4th September 2015

JOHN SWINNEY
A member of the Scottish Government

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision for the exemption from land and buildings transaction tax of land transactions transferring property on the conversion of an authorised unit trust to, or its amalgamation with, an open-ended investment company.

Regulation 3 exempts from land and buildings transaction tax a land transaction transferring property of a unit trust to an open-ended investment company, where the transfer is made as part of the conversion of the trust to the company. Exemption is given where the units of the unit trust are extinguished and the unit holders receive as consideration shares in the company, in proportion to their holdings of units in the trust.

Regulation 4 makes similar provision for exemption from land and buildings transaction tax, where the property is transferred as part of the amalgamation of a unit trust with an open-ended investment company.