
VAT: AMENDMENT TO THE EXEMPTION FOR FUND MANAGEMENT

Who is likely to be affected?

1. Fund managers and providers of fund administration services.

General description of the measure

2. This measure will extend the VAT exemption for fund management to cover UK-listed investment entities (including investment trust companies and venture capital trusts) and certain overseas funds.

Operative date

3. The measure will have effect for supplies of services made on or after 1 October 2008.

Current law and proposed revisions

4. Items 9 and 10, of Group 5 of Schedule 9 to the VAT Act 1994 exempt the management of authorised unit trusts, trust based schemes and open-ended investment companies.
5. This exemption will be amended by secondary legislation to be laid before Parliament around the beginning of June 2008.
6. The funds defined for the exemption will be amended as follows:
 - trust-based schemes will be deleted;
 - closed-ended investment entities, which invest in securities and whose shares are included in the UK Listing Authority main Official List, will be added; and
 - funds established outside the UK, which are recognised overseas schemes under sections 264, 270 and 272 of the Financial Services & Markets Act 2000, will be added.
7. Draft legislation and guidance will be published on the HM Revenue & Customs website in April 2008.

Further advice

8. If you have any questions about this change, please contact Ted Castledine on 020 7147 0177 (e-mail: ted.castledine@hmrc.gsi.gov.uk). Information about Budget measures is available on the HM Revenue & Customs website at www.hmrc.gov.uk