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(Bristol South - Lab)

Amendment 393

Schedule 21, page 151, line 31 [Vol II]

At beginning insert 'For the purposes of paragraph 23'.

SUMMARY

1. The amendment adds a cross reference in paragraph 24 to paragraph 23 of the Finance Bill. Together these two paragraphs define one of the types of vehicle through which an investment-regulated pension scheme can invest in residential property and tangible moveable property. The amendment is needed to ensure that the conditions that the vehicle must have assets of at least £1m or three residential properties, that the vehicle must not be a close company and that the vehicle is not a racehorse or other sporting syndicate apply.

DETAILS

2. Paragraphs 20 to 25 of new Schedule 29A FA04 prescribe certain conditions that have to be met for an investment-regulated pension scheme to be treated as not holding taxable property indirectly through a vehicle. Paragraphs 21 and 22 provide exceptions from the rules treating a pension scheme as holding taxable property indirectly through a vehicle where the vehicle is a trading vehicle or a Real Estate Investment Trust. Paragraphs 23 to 25 provide a further exception where the vehicle is not a trading company or a REIT but is otherwise a genuinely diverse commercial vehicle. If an investment-regulated pension scheme has an interest in a vehicle that has an interest in taxable property and Paragraph 23 applies to that vehicle, the pension scheme is not treated as holding an indirect interest in that taxable property. For Paragraph 23 to apply, Paragraph 24, as supplemented by Paragraph 25, must also apply.

HM REVENUE AND CUSTOMS

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3. The amendment to Paragraph 24(1) ensures that Paragraph 24 only applies for the purposes of determining whether Paragraph 23 applies.