

MEMO# 32904

November 10, 2020

Fund Industry Coalition Letter to UK on Tax Simplification and Exempting from Tax Non-Resident Investors in UK REITs

[32904]

November 9, 2020 TO: ICI Members

ICI Global Members

ICI Global Tax Committee

Tax Committee SUBJECTS: International/Global

Tax RE: Fund Industry Coalition Letter to UK on Tax Simplification and Exempting from Tax Non-Resident Investors in UK REITs

A fund industry coalition today submitted that attached letter to the United Kingdom's Office of Tax Simplification, crafted by ICI Global, supporting a UK initiative announced in July to simplify the taxation of capital gains.[\[1\]](#) Specifically, the letter supports draft UK regulations issued on November 4 that provide a *de minimis* exception for non-UK funds investing in real estate investment trusts (REITs) holding UK property.[\[2\]](#)

The UK REIT issue, as we informed you previously, arose when the UK modified its registration, reporting, and taxation rules in April 2019 for non-resident investments in real estate.[\[3\]](#) ICI Global in June 2019 urged the UK to confirm that US funds, because they are exempt by treaty from UK capital gains tax, are not subject to registration or reporting requirements when investing in UK REITs.[\[4\]](#) The UK responded favorably to our request on July 4, 2019.[\[5\]](#) Subsequently, we joined a separate coalition letter[\[6\]](#) seeking additional globally applicable clarifications and modifications—including, most importantly, the *de minimis* exception that was announced last week.

Importantly, the UK Government's recently announced *de minimis* exception is retroactive to April 2019. The fund industry coalition will submit comments supporting this draft regulation—which will eliminate burdensome registration and reporting requirements, and potential tax liabilities, for funds investing in UK REITs.

Keith Lawson
Deputy General Counsel - Tax Law

[Attachment](#)

endnotes

[1]

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/900225/CGT_Scoping_document_July_2020.pdf.

[2]

<https://www.gov.uk/government/consultations/draft-regulations-the-uk-property-rich-collective-investment-vehicles-amendment-of-the-taxation-of-chargeable-gains-act-1992-regulations-2021>.

[3] See http://www.legislation.gov.uk/ukpga/2019/1/pdfs/ukpga_20190001_en.pdf. See also, http://www.hmrc.gov.uk/gds/cg/attachments/CG-APP15__Non-resident_capital_gains_from_6_April_2019_Collective_Investment_Vehicles_draft_guidance.pdf.

[4] See Institute [Memorandum No. 31830](#), dated June 28, 2019.

[5] See Institute [Memorandum No. 31836](#), dated July 5, 2019.

[6] See Institute [Memorandum No. 31864](#), dated July 19, 2019.

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