

## Clause X: Carried interest

### Summary

1. This clause removes transitional provisions in Finance (No.2) Act 2015 that determine how carried interest is taxed when the amounts which arise relate to disposals made before certain dates in 2015. The amendments have effect for amounts of carried interest arising on or after 22 November 2017.

### Details of the clause

2. Subsection (1)(a) provides that all amounts of carried interest arising on or after 22 November 2017 are within scope of Chapter 5 of Part 3 of Taxation of Chargeable Gains Act (TCGA) 1992.
3. Subsection (1)(b) provides that section 103KG(2) to (15) TCGA 1992 applies to all amounts of carried interest arising on or after 22 November 2017.
4. Subsection (1)(c) provides that section 809EZDA and section 809EZDB Income Tax Act (ITA) 2007 apply to all amounts of carried interest arising on or after 22 November 2017.
5. Subsection (3) ensures that “carried interest” and “arising” have the same meanings in Chapter 5E of Part 13 of Income Tax Act 2007.

### Background note

6. Legislation determining the taxation of carried interest, which is a form of performance related reward for investment managers, was introduced with effect from 8 July 2015 in Finance (No.2) Act 2015. Transitional rules included in that Act excluded amounts of carried interest which had been subject to delays in payment for genuine commercial reasons and which were in relation to disposals of partnership assets before 8 July 2015, or (in other circumstances) before 22 October 2015.
7. This clause creates a single, consistent treatment for amounts of carried interest arising on or after 22 November 2017 irrespective of the timing of connected disposals of partnership assets.