Tax treatment of carried interest: a call for evidence: CIOT comments

Personal tax | Employment Tax



25 September 2024

The CIOT submitted a response to a HM Treasury call for evidence considering how carried interest should be taxed in light of the Chancellor's pledge to remove the 'loophole' of capital treatment.

Broadly, carried interest is the allocation of an equity fund's profit share paid to investment managers in connection with their management activities. In our response, the CIOT advised that any decision to subject these payments to income tax, rather than capital gains tax, should be made with a complete understanding of the likely commercial implications (particularly amongst international markets). Thought should also be given to how any changes would apply to non-UK resident individuals and entities as part of a wider review of the rules.

The full CIOT submission can be found here: www.tax.org.uk/ref1354

Chris Thorpe *cthorpe@ciot.org.uk*