
STATUTORY INSTRUMENTS

2009 No. 3001

The Offshore Funds (Tax) Regulations 2009

PART 2

THE TREATMENT OF PARTICIPANTS IN NON-REPORTING FUNDS

CHAPTER 4

DISPOSALS OF INTERESTS IN NON-REPORTING FUNDS

Basic provisions

Application of this Chapter

- 32.** This Chapter applies if a participant disposes of an asset and at the time of the disposal—
- (a) the asset is an interest in a non-reporting fund, or
 - (b) the asset is an interest in a reporting fund and the requirements specified in paragraph (3) of regulation 17 (read, as appropriate, with paragraphs (4) and (5) of that regulation) are met.

Disposal of an asset: the basic rule

- 33.—**(1) There is a disposal of an asset for the purposes of these Regulations if there would be a disposal of an asset for the purposes of TCGA 1992.
- (2) Paragraph (1) is subject to the following provisions of this Chapter.

Further provisions

Provisions applicable on death

34.—(1) Notwithstanding anything in paragraph (b) of subsection (1) of section 62 of TCGA 1992 (general provisions applicable on death: no deemed disposal by the deceased), where a person dies and the assets of which the deceased was competent to dispose at the time of death include an interest in a non-reporting fund, then, for the purposes of these Regulations—

- (a) immediately before the acquisition referred to in paragraph (a) of that subsection, that interest shall be deemed to be disposed of by the deceased for such a consideration as is mentioned in that subsection; but
- (b) nothing in this regulation affects the determination, in accordance with regulation 32, of the question whether that deemed disposal is one to which this Chapter applies.

(2) Subject to paragraph (1), section 62 of TCGA 1992 ^{M1} applies for the purposes of these Regulations as it applies for the purposes of that Act, and the reference in that paragraph to the assets of which a deceased person was competent to dispose are to be construed in accordance with subsection (10) of that section.

Status: Point in time view as at 01/12/2009.

Changes to legislation: There are currently no known outstanding effects for the The Offshore Funds (Tax) Regulations 2009, CHAPTER 4. (See end of Document for details)

Marginal Citations

M1 Section 62 was amended by paragraph 5 of Schedule 21 to the Finance Act 1998 (c. 36), section 52 of the Finance Act 2002 (c. 23) and paragraph 29 of Schedule 2 to the Finance Act 2008 (c. 9).

Application of section 135 of TCGA 1992

35.—(1) Section 135 of TCGA 1992 ^{M2} (exchange of securities for those in another company treated as not involving a disposal) does not apply for the purposes of this Part to the extent that—

- (a) the interest in the entity that is company A for the purposes of that section that is exchanged is an interest in a non-reporting fund, and
- (b) the interest in the entity that is company B for those purposes that is exchanged is not an interest in such a fund.

(2) In a case where section 135 of TCGA 1992 would apply apart from paragraph (1), the exchange in question shall for the purposes of this Part constitute a disposal of interests in the non-reporting fund for a consideration equal to their market value at the time of the exchange.

Marginal Citations

M2 Section 135 was substituted by paragraph 1 of Schedule 9 to the Finance Act 2002.

Application of section 136 of TCGA 1992

36.—(1) Section 136 of TCGA 1992 ^{M3} (scheme of reconstruction involving issue of securities treated as exchange not involving disposal) does not apply for the purposes of this Part to the extent that—

- (a) the interest in the entity that is company A for the purposes of that section that is exchanged is an interest in a non-reporting fund, and
- (b) the interest in the entity that is company B for those purposes that is exchanged is not an interest in such a fund.

(2) In a case where section 136 of TCGA 1992 would apply apart from paragraph (1), the deemed exchange in question shall for the purposes of this Part constitute a disposal of interests in the non-reporting fund for a consideration equal to their market value at the time of the deemed exchange.

Marginal Citations

M3 Section 136 was substituted by paragraph 2 of Schedule 9 to the Finance Act 2002.

Exchange of interests of different classes

37.—(1) If conditions A to D are met, section 127 of TCGA 1992 (equation of original shares and new holding) does not prevent an exchange from constituting a disposal for the purposes of these Regulations.

(2) Condition A is that an offshore fund is constituted by a class of interest (“class A”) in main arrangements.

(3) Condition B is that a participant exchanges an interest of class A for an interest in another offshore fund constituted by a different class of interest (“class B”) in those main arrangements.

(4) Condition C is that the interest of class A is at the time of the exchange an interest in a non-reporting fund.

(5) Condition D is that the interest of class B is at the time of the exchange an interest which is not an interest in a non-reporting fund.

(6) Any disposal to which this regulation applies is to be treated as a disposal for a consideration equal to the market value of the rights at the time of the exchange.

Status:

Point in time view as at 01/12/2009.

Changes to legislation:

There are currently no known outstanding effects for the The Offshore Funds (Tax) Regulations 2009, CHAPTER 4.