

SCHEDULES

SCHEDULE 27

DISTRIBUTING FUNDS

PART I

THE DISTRIBUTION TEST

Income taxable under Case IV or Case V of Schedule D

- 3 (1) Sub-paragraph (2) below applies if any sums which form part of the income of an offshore fund falling within section 759(1)(b) or (c) are of such a nature that—
- (a) the holders of interests in the fund who are either companies resident in the United Kingdom or individuals domiciled and resident there—
 - (i) are chargeable to tax under Case IV or Case V of Schedule D in respect of such of those sums as are referable to their interests; or
 - (ii) if any of that income is derived from assets within the United Kingdom, would be so chargeable had the assets been outside the United Kingdom; and
 - (b) the holders of interests who are not such companies or individuals would be chargeable as mentioned in sub-paragraph (i) or (ii) above if they were resident in the United Kingdom or, in the case of individuals, if they were domiciled and both resident and ordinarily resident there.
- (2) To the extent that sums falling within sub-paragraph (1) above do not actually form part of a distribution complying with paragraphs 1(1)(c) and (d) above, they shall be treated for the purposes of this Part of this Schedule—
- (a) as a distribution complying with those paragraphs and made out of the income of which they form part; and
 - (b) as paid to the holders of the interests to which they are referable.