



Finance Act 1995

1995 CHAPTER 4

PART III

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

Provisions with a foreign element

133 Controlled foreign companies.

Schedule 25 to this Act (which contains amendments of Chapter IV of Part XVII of the Taxes Act 1988 and connected amendments) shall have effect.

134 Offshore funds.

(1) Section 759 of the Taxes Act 1988 (material interests in offshore funds) shall be amended as mentioned in subsections (2) and (3) below.

(2) In subsection (1)—

- (a) for the words “of the following, namely” there shall be substituted “collective investment scheme which is constituted by”;
- (b) for the word “and” immediately preceding paragraph (c) there shall be substituted “or”; and
- (c) for the words “company, unit trust scheme or arrangements” there shall be substituted “collective investment scheme”.

(3) After subsection (1) there shall be inserted—

“(1A) In this section “collective investment scheme” has the same meaning as in the ^{M1}Financial Services Act 1986.”

(4) In Schedule 27 to the Taxes Act 1988 (distributing funds) in Part I (the distribution test) in paragraph 1(2) for paragraphs (a) and (b) there shall be substituted—

- “(a) there is no income of the fund and there are no United Kingdom equivalent profits of the fund, or

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- (b) the amount of the gross income of the fund does not exceed 1 per cent. of the average value of the fund's assets held during the account period.”.
- (5) Section 212 of the ^{M2}Taxation of Chargeable Gains Act 1992 (annual deemed disposal of certain holdings, including holdings consisting of a relevant interest in an offshore fund) shall be amended as mentioned in subsections (6) and (7) below.
- (6) In subsection (5) (meaning of “relevant interest in an offshore fund”) for paragraph (b) there shall be substituted—
- “(b) it would be such an interest if either or both of the assumptions mentioned in subsection (6A) below were made.”
- (7) Immediately before subsection (7) there shall be inserted—
- “(6A) The assumptions referred to in subsection (5)(b) above are—
- (a) that the companies, unit trust schemes and arrangements referred to in paragraphs (a) to (c) of subsection (1) of section 759 of the Taxes Act are not limited to those which are also collective investment schemes;
- (b) that the shares and interests excluded by subsections (6) and (8) of that section are limited to shares or interests in trading companies.”
- (8) Subsections (1) to (3) above shall apply where it falls to be decided—
- (a) whether a material interest is, at any time on or after 29th November 1994, a material interest in an offshore fund;
- (b) whether a company, unit trust scheme or arrangements in which any person has an interest which is a material interest is, at any time on or after that day, an offshore fund.
- (9) Subsection (4) above shall apply in relation to account periods ending on or after 29th November 1994.
- (10) Subsections (5) to (7) above shall apply where it falls to be decided whether an interest is, at any time on or after 29th November 1994, a relevant interest in an offshore fund.

Marginal Citations

M1 1986 c. 60.

M2 1992 c. 12.

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