
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2022, Paragraph 6. (See end of Document for details)

SCHEDULES

SCHEDULE 2

QUALIFYING ASSET HOLDING COMPANIES

PART 1

INTRODUCTION AND CONDITIONS FOR BEING A QAHC

Determining relevant interests: transparent entities

- 6 (1) The normal rule is that transparent entities do not have relevant interests in a company or in an enhanced class of a company (in their own right).
- (2) But where a beneficial entitlement to profits or assets of a company, or of an enhanced class of the company, arises as a result of a person's participation in a transparent qualifying fund—
- (a) where the beneficial entitlement arises partly as described in paragraph 4(1)(b)(i), the entitlement arising as a result of that participation is to be treated as an entitlement of that person described in paragraph 4(1)(b)(ii) (entitlement partly through another person), and
 - (b) otherwise, is to be treated as an entitlement of the fund (rather than of that person).

And references to a person in this paragraph, and in paragraphs 3 to 5, are to be treated as including any such fund that is not a person.

- (3) Where securities of a company held through a transparent qualifying fund confer voting power in that company, that voting power is to be treated as power of the fund.
- (4) Sub-paragraphs (5) and (6) apply when making a determination in relation to the relevant interests in a company or in an enhanced class of a company of—
- (a) a partner of a partnership, or
 - (b) a beneficiary of a trust under which the beneficiary is absolutely entitled to the property which is the subject of the trust and any profits arising from that property,
- unless the partnership or trust constitutes a transparent qualifying fund.
- (5) Where—
- (a) such a partner or a trustee of such a trust has a priority entitlement, over other partners or trustees, to profits or gains arising from the partnership or trust, and
 - (b) that priority entitlement arises as a result of contractual arrangements relating to the management of the investments of the partnership or trust,

*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 2022, Paragraph 6. (See end of Document for details)*

those profits or gains are to be ignored in making any determination of any person's relevant interest in a company or in an enhanced class of a company to the extent the entitlement is related to those arrangements.

(6) Where securities of a company held through such a partnership or trust confer voting power in that company, that power is to be treated as the power of the partners, or (as the case may be) the beneficiaries, divided between them in the same proportions as they would be entitled to profits arising from those securities.

(7) In this paragraph—

“securities” has the same meaning it has in paragraph 3;

an entity (“E”) is “transparent” if investments of E would be regarded, for the purposes of corporation tax on chargeable gains, as the investments of another entity (such as a member or partner of E or the beneficiary of a trust).

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2022, Paragraph 6.