
STATUTORY INSTRUMENTS

2006 No. 964

INCOME TAX
CORPORATION TAX
CAPITAL GAINS TAX

The Authorised Investment Funds (Tax) Regulations 2006

Made - - - - 29th March 2006
Coming into force - - 1st April 2006

The Treasury, in exercise of the powers conferred upon them by sections 17(3) and 18 of the Finance (No. 2) Act 2005^{M1} and section 152 of the Finance Act 1995^{M2} make the following Regulations:

Marginal Citations

M1 2005 c. 22.

M2 1995 c. 4; section 152 was amended by paragraph 13 of Schedule 19 to the Finance Act 1999 (c. 16) and Article 90 of S.I. 2001/3629.

PART 1 **U.K.**

PRELIMINARY PROVISIONS AND INTERPRETATION

Preliminary provisions

Citation, commencement and effect **U.K.**

1.—(1) These Regulations may be cited as the Authorised Investment Funds (Tax) Regulations 2006, and shall come into force on 1st April 2006.

(2) These Regulations have effect—

(a) for the purposes of income tax—

(i) for the tax year 2006-07 and subsequent tax years, and

(ii) for distributions made on or after 6th April 2006;

(b) for the purposes of corporation tax—

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

- (i) on income, for accounting periods beginning on or after 1st April 2006,
- (ii) on chargeable gains, in relation to disposals made on or after 1st April 2006, and
- (iii) for distributions made on or after 1st April 2006; and
- (c) for the purposes of capital gains tax, in relation to disposals made on or after 6th April 2006.

^{F1}(3)

Textual Amendments

F1 Reg. 1(3) revoked (6.4.2007) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 2\) Regulations 2007 \(S.I. 2007/794\)](#), regs. 1(1), **8(a)**

Structure of these Regulations **U.K.**

2. The structure of these Regulations is as follows—
- this Part contains preliminary provisions and provides for interpretation;
 - [^{F2}Part 1A deals with the genuine diversity of ownership condition;]
 - Part 2 deals with the tax treatment of authorised investment funds;
 - [^{F3}Part 2A deals with qualified investor schemes]
 - [^{F4}Part 2B deals with diversely owned AIFs;]
 - Part 3 deals with distributions made by authorised investment funds;
 - Part 4 deals with the treatment of participants in authorised investment funds;
 - [^{F5}Part 4A deals with Property AIFs;]
 - [^{F6}Part 4B deals with Tax Elected Funds;]
 - Part 5 deals with compliance;
 - Part 6 contains further provisions relating to authorised investment funds;
 - Part 7 contains consequential amendments and modifications of enactments; and
 - Part 8 contains final provisions.

Textual Amendments

- F2** Words in reg. 2 inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **3(a)**
- F3** Words in reg. 2 inserted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **4**
- F4** Words in reg. 2 inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **3(b)**
- F5** Words in reg. 2 inserted (6.4.2008) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2008 \(S.I. 2008/705\)](#), regs. 1, **3**
- F6** Words in reg. 2 inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **3(c)**

Interpretation

Definition of “authorised investment funds” **U.K.**

3. In these Regulations “authorised investment funds” means—
- (a) open-ended investment companies, and
 - (b) authorised unit trust schemes.

Definition of “open-ended investment company” **U.K.**

4. In these Regulations “open-ended investment company” means a company incorporated in the United Kingdom to which section 236 of FISMA 2000 ^{M3} applies.

Marginal Citations

M3 2000 c. 8.

Interpretation of expressions relating to authorised unit trust schemes **U.K.**

5.—(1) In these Regulations “unit trust scheme” has the meaning given by section 237 of FISMA 2000.

(2) For the purposes of these Regulations a unit trust scheme is authorised in relation to an accounting period if an order under section 243 of FISMA 2000 is in force in relation to that scheme during the whole or part of that accounting period.

(3) In these Regulations “unit holder” means a person entitled to a share of the investments subject to the trusts of a unit trust scheme.

Further definitions generally relevant for authorised investment funds **U.K.**

- 6.—(1) In these Regulations the “legal owner” means—
- (a) in relation to an open-ended investment company, the open-ended investment company, and
 - (b) in relation to an authorised unit trust, the trustees of the trust.

- (2) In these Regulations the “scheme property” means—
- (a) in relation to an open-ended investment company, the property subject to the collective investment scheme constituted by the company, and
 - (b) in relation to an authorised unit trust, the property subject to the collective investment scheme constituted by the trust.

- (3) In these Regulations the “manager” means—
- (a) in relation to an open-ended investment company, the authorised corporate director, and
 - (b) in relation to an authorised unit trust, the person who is the manager of the trust for the purposes of Chapter 3 of Part 17 of FISMA 2000 (authorised unit trust schemes).

(4) In these Regulations, unless a contrary intention appears, “units” means the rights or interests (however described) of the participants in the authorised investment fund.

- (5) In these Regulations “accumulation unit” means—

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- (a) in relation to an open-ended investment company, a share in the company in respect of which income is credited periodically to the capital part of the scheme property of the company, and
- (b) in relation to an authorised unit trust, a unit in the trust in respect of which income is credited periodically to the capital part of the scheme property of the trust.

(6) In these Regulations a “participant”, in relation to an authorised investment fund, means a beneficial owner of units in the fund, except where the units are held on trust (other than a bare trust) or are comprised in the estate of a deceased person, and in such a case the participant, in relation to the fund, means the trustees of the trust, or, as the case may be, the deceased's personal representatives.

[^{F7}(7) In these Regulations “instrument constituting the fund” means—

- (a) in relation to an open-ended investment company, the instrument of incorporation, and
- (b) in relation to an authorised unit trust scheme, the trust deed.

(8) In these Regulations “genuine diversity of ownership condition” has the meaning given by regulation 9A.]

Textual Amendments

F7 Reg. 6(7)(8) inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, 4

Umbrella companies and umbrella schemes: interpretation **U.K.**

7.—(1) In these Regulations “umbrella company” has the meaning given by section 468A(4) of ICTA ^{M4}, and a reference to a part of an umbrella company is to be construed in accordance with that provision.

(2) For the purposes of these Regulations each of the parts of an umbrella company is regarded as an open-ended investment company and the umbrella company as a whole shall not be so regarded.

(3) In relation to a part of an umbrella company, any reference—

- (a) to investments or to scheme property of an open-ended investment company has effect as a reference to such of the investments or to such of the scheme property as under the arrangements form part of the separate pool to which that part of the umbrella company relates, and
- (b) a person for the time being having rights in that part is regarded as the owner of shares in the open-ended investment company which that part is regarded as being by virtue of paragraph (2), and not as the owner of shares in the umbrella company itself.

(4) In relation to a part of an umbrella company, any references in these Regulations to the instrument of incorporation or the prospectus in issue for the time being (including any supplements to that prospectus) of an open-ended investment company have effect, for the purposes of these Regulations, as references to such parts of the instrument of incorporation or of that prospectus (including any supplements to that prospectus) as apply to that part of the umbrella company.

(5) In these Regulations “umbrella scheme” has the meaning given by section 468(8) of ICTA, and a reference to a part of an umbrella scheme is to be construed in accordance with that provision.

(6) For the purposes of these Regulations each of the parts of an umbrella scheme is regarded as an authorised unit trust and the umbrella scheme as a whole is not regarded as an authorised unit trust or as any other form of collective investment scheme.

(7) In relation to a part of an umbrella scheme, any reference—

- (a) to investments or to scheme property subject to the trusts of an authorised unit trust has effect as a reference to such of the investments or to such of the scheme property as under the arrangements form part of the separate pool to which that part of the umbrella scheme relates, and
- (b) to a unit holder, has effect as a reference to a person for the time being having rights in that separate pool.

(8) In relation to a part of an umbrella scheme, any references in these Regulations to the prospectus in issue for the time being (including any supplements to that prospectus) of an authorised unit trust have effect, for the purposes of these Regulations, as references to such parts of that prospectus (including any supplements to that prospectus) as apply to that part of the umbrella scheme.

Marginal Citations

M4 Section 468A was inserted by section 16 of the [Finance \(No. 2\) Act 2005 \(c. 22\)](#).

General interpretation **U.K.**

8. In these Regulations—

“authorised corporate director”, in relation to an open-ended investment company, means a corporate director of the company acting in the capacity as the director having responsibility for the management of its scheme property, being an authorised person within the meaning given by section 31(2) of FISMA 2000, or if there is no such director, the person for the time being having responsibility for the management of the scheme property of the company and acting in that capacity;

“collective investment scheme” has the meaning given by section 235 of FISMA 2000;

the “Commissioners” means the Commissioners for Revenue and Customs;

[^{F8}“connected person” has the meaning given in—

- (a) sections 993 and 994 of ITA 2007 (connected persons) in the case of a person chargeable to income tax, and
- (b) section 839 of ICTA (connected persons) in the case of a person chargeable to corporation tax;]

“creditor relationship” has the meaning given by section 103(1) of FA 1996 ^{M5};

“derivative contract” means—

- (a) a contract which is a derivative contract within the meaning of Schedule 26 to FA 2002 ^{M6}, or
- (b) a contract which is, in the accounting period in question, treated as if it were a derivative contract by virtue of paragraph 36 of that Schedule ^{M7} (contracts relating to holdings in unit trust schemes, open-ended investment companies and offshore funds);

“investments” do not include cash awaiting investment;

“net asset value” means the value of the assets of the authorised investment fund, after the deduction of specified liabilities;

“owner of shares”, in relation to an open-ended investment company, means a beneficial owner of shares in the company, except where the shares are held on trust (other than a bare trust) or are comprised in the estate of a deceased person, and in such a case the owner of shares, in relation to the company, means the trustees of the trust, or, as the case may be, the deceased's personal representatives;

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“reporting date” means the final day of each annual and each half-yearly accounting period of the authorised investment fund;

“residence declaration” is to be construed in accordance with regulation 31;

“tax year”—

- (a) in relation to income tax, means a year of assessment within the meaning of ICTA (see section 832(1) of that Act), and
- (b) in relation to capital gains tax, means a year of assessment within the meaning of TCGA 1992 (see section 288(1) of that Act).

[^{F9}“tribunal” means the First-tier Tribunal or, where determined by or under Tribunal Procedure Rules, the Upper Tribunal.]

Textual Amendments

- F8** Words in [reg. 8](#) inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **5**
- F9** Words in [reg. 8](#) inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 2 para. 155**

Marginal Citations

- M5** 1996 c. 8.
- M6** 2002 c. 23.
- M7** Paragraph 36 of Schedule 26 was amended by paragraph 62 of Schedule 10 to the [Finance Act 2004](#) (c. 12).

Abbreviations and general index **U.K.**

9.—(1) The Schedule to these Regulations (which contains abbreviations and defined expressions that apply for the purposes of these Regulations) has effect.

(2) Part 1 of the Schedule gives the meaning of the abbreviated references to Acts used in these Regulations.

(3) Part 2 of the Schedule lists the places where expressions used in these Regulations are defined or otherwise explained—

- (a) in these Regulations for the purposes of these Regulations, or
- (b) in these Regulations for the purposes of a Part or Chapter of these Regulations.

[^{F10}PART 1A **U.K.**

THE GENUINE DIVERSITY OF OWNERSHIP CONDITION

Textual Amendments

- F10** [Pt. 1A](#) inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **6**

The genuine diversity of ownership condition **U.K.**

9A.—(1) For the purposes of these Regulations, the genuine diversity of ownership condition is as follows.

- (2) The genuine diversity of ownership condition is that an authorised investment fund must—
 - (a) meet conditions A to C throughout the accounting period; or
 - (b) comply with paragraph (8).
- (3) Condition A is that the fund documents—
 - (a) contain a statement that units in the fund will be widely available,
 - (b) specify the intended categories of investor, and
 - (c) specify that the manager of the fund must market and make available the units in the fund in accordance with paragraph 9A(6)(a).
- (4) Condition B is that neither—
 - (a) the specification of the intended categories of investor, nor
 - (b) any other terms or conditions governing participation in the fund, whether or not specified in the fund documents,

have a limiting or deterring effect.

- (5) In paragraph (4) a limiting or deterring effect means an effect which—
 - (a) limits investors to a limited number of specific persons or specific groups of connected persons, or
 - (b) deters a reasonable investor within the intended categories of investor from investing in the fund.
- (6) Condition C is that—
 - (a) units in the fund must be marketed and made available—
 - (i) sufficiently widely to reach the intended categories of investors, and
 - (ii) in a manner appropriate to attract those categories of investors; and
 - (b) a person who is in an intended category of investor can, upon request to the manager of the fund, obtain information about that fund and acquire units in it.

Condition C is subject to paragraph (7).

(7) Condition C shall be treated as being met even if at the relevant time the fund has no capacity to receive additional investments, unless—

- (a) the capacity of the fund to receive investments in it is fixed by the fund documents (or otherwise), and
- (b) a pre-determined number of specific persons or specific groups of connected persons make investments in the fund which collectively exhausts all, or substantially all, of that capacity.

(8) An authorised investment fund which is a Property AIF also meets the genuine diversity of ownership condition if—

- (a) an investor in the fund is a unit trust scheme (a “feeder fund”);
- (b) conditions A to C are met in relation to the authorised investment fund after taking into account—
 - (i) the fund documents relating to the feeder fund, and
 - (ii) the intended investors in the feeder fund; and
- (c) the authorised investment fund and the feeder fund have the same manager (or proposed manager).

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

- (9) In this Part “fund documents” means—
- (a) the instrument constituting the fund, and
 - (b) the fund’s prospectus in issue for the time being (including any supplements to the prospectus).

Clearance in relation to the genuine diversity of ownership condition **U.K.**

9B.—(1) An application for clearance that an authorised investment fund meets the genuine diversity of ownership condition (see regulation 9A) may be made in writing to the Commissioners by the manager (or proposed manager) of an authorised investment fund.

(2) An application for clearance must be accompanied by the fund documents in the form in which it is proposed that those documents will apply at the beginning of the first accounting period of the fund for which clearance is sought.

(3) If regulation 9A(2)(b) and (8) applies, an application for clearance by the authorised investment fund must be accompanied by—

- (a) the documents specified in paragraph (2), and
- (b) the fund documents of the feeder fund in the form in which it is proposed that those documents will apply at the beginning of the first accounting period of the fund for which clearance is sought.

(4) The Commissioners may require the manager (or proposed manager) to provide further particulars if they believe that full particulars of the fund have not been provided.

(5) The Commissioners must notify the applicant within 28 days of the receipt of the particulars (or, if paragraph (4) applies, of all further particulars required) that they—

- (a) give clearance that the fund meets the genuine diversity of ownership condition,
- (b) give that clearance subject to conditions, or
- (c) refuse to give that clearance.

(6) An authorised investment fund (and investors in that fund) may not rely on a clearance given under this regulation if—

- (a) at the beginning of the first accounting period of the fund to which the clearance relates (and at the beginning of each subsequent accounting period), a relevant statement in the fund documents in issue for the time being is not in accordance with a relevant statement in the documents considered by the Commissioners before giving clearance,
- (b) the fund acts or is operated in contravention of a relevant statement in the fund documents,
- (c) the fund documents are materially amended, or
- (d) the fund is operated otherwise than in accordance with condition C of the genuine diversity of ownership condition (see regulation 9A(6)).

(7) If regulation 9A(2)(b) and (8) applies an authorised investment fund (and investors in that fund) may not rely on a clearance given under this regulation if any of sub-paragraphs (a) to (d) of paragraph (6) apply in relation to either the authorised investment fund or the feeder fund.

(8) Paragraph (6)(c) does not apply if the manager of the fund has obtained a clearance given under this regulation which applies to the amendment.

(9) For the purposes of paragraph (6)(c), a material amendment is one that may reasonably be construed as causing, or likely to cause, the fund to fail to meet the genuine diversity of ownership condition in relation to any accounting period.]

PART 2 U.K.

THE TAX TREATMENT OF AUTHORISED INVESTMENT FUNDS

Loan relationships and derivative contracts: exclusion of capital profits, gains or losses

General rule for loan relationships: exclusion of capital profits, gains or losses U.K.

10.—(1) This regulation applies if any profits, gains or losses arising to an authorised investment fund from a creditor relationship in an accounting period are capital profits, gains or losses.

(2) For the purposes of Chapter 2 of Part 4 of FA 1996^{M8} (loan relationships) those profits, gains or losses must not be brought into account as credits or debits.

(3) Regulation 12 explains what is meant by “capital profits, gains or losses” in the case of an authorised investment fund that prepares accounts in accordance with UK generally accepted accounting practice.

[^{F11}(4) This regulation is subject to regulation 14B (tax treatment of qualified investor schemes).]

Textual Amendments

F11 Reg. 10(4) inserted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), 5

Marginal Citations

M8 1996 c. 8.

General rule for derivative contracts: exclusion of capital profits, gains or losses U.K.

11.—(1) This regulation applies if any profits, gains or losses arising to an authorised investment fund from a derivative contract in an accounting period are capital profits, gains or losses.

(2) For the purposes of Schedule 26 to FA 2002^{M9} (derivative contracts) those profits, gains or losses must not be brought into account as credits or debits.

(3) Regulation 12 explains what is meant by “capital profits, gains or losses” in the case of an authorised investment fund that prepares accounts in accordance with UK generally accepted accounting practice.

[^{F12}(4) This regulation is subject to regulation 14B (tax treatment of qualified investor schemes).]

Textual Amendments

F12 Reg. 11(4) inserted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), 6

Marginal Citations

M9 2002 c. 23.

Accounts prepared in accordance with UK generally accepted accounting practice U.K.

12.—(1) In the case of an authorised investment fund that prepares accounts in accordance with UK generally accepted accounting practice, capital profits, gains or losses arising from a creditor

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relationship in an accounting period, or capital profits, gains or losses arising from a derivative contract in an accounting period, are such profits, gains or losses as fall to be dealt with under ^[F13]the heading “net capital gains/losses” in the statement of total return for the accounting period.

(2) For the purposes of paragraph (1), the statement of total return for an accounting period is the statement of total return which, in accordance with the Statement of Recommended Practice used for the accounting period, must be included in the accounts contained in the annual report of the authorised investment fund which deals with the accounting period.

(3) For the purposes of paragraph (2), “Statement of Recommended Practice” means—

- (a) in relation to any accounting period for which it is required or permitted to be used, the Statement of Recommended Practice relating to authorised investment funds issued by the Investment Management Association ^[F14]in December 2005], as from time to time modified, amended or revised; or
- (b) in relation to any accounting period for which it is required or permitted to be used, any subsequent Statement of Recommended Practice relating to authorised investment funds, as from time to time modified, amended or revised.

Textual Amendments

- F13** Words in reg. 12(1) substituted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **7**
- F14** Words in reg. 12(3)(a) substituted (6.4.2008) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2008 \(S.I. 2008/705\)](#), regs. 1, **4**

Loan relationships: treatment of interest distributions and deficits

Treatment of interest distributions for purposes of loan relationships **U.K.**

13.—(1) Chapter 2 of Part 4 of FA 1996 (loan relationships) has effect in relation to an authorised investment fund and to an interest distribution paid by that fund as it would have effect if the interest distribution were interest payable on a loan to the authorised investment fund and were, accordingly, interest under a loan relationship to which the authorised investment fund were a party.

(2) For the purposes of these Regulations, an interest distribution is treated as paid if it is credited to the capital part of the scheme property of an authorised investment fund on behalf of a participant in respect of the participant's accumulation units.

(3) This regulation is subject to regulation 14 ^[F15]and regulation 14B (tax treatment of qualified investor schemes)].

^[F16](4) In this regulation an “interest distribution” includes a TEF distribution (non-dividend) (see regulation 69Z61(3)).]

Textual Amendments

- F15** Words in reg. 13(3) inserted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **8**
- F16** [Reg. 13\(4\)](#) inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **7**

Treatment of deficits on loan relationships **U.K.**

14. Section 83(2)(c) of FA 1996 (carrying back of non-trading deficit on loan relationships) shall not have effect in relation to the loan relationships of an authorised investment fund (so that, accordingly, if for any accounting period there is a deficit on the loan relationships of the authorised investment fund, the deficit may not be carried back to be set off against profits for earlier accounting periods).

[^{F17}This is subject to regulation 14B (tax treatment of qualified investor schemes)]

Textual Amendments

F17 Words in reg. 14 inserted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), 9

[^{F18}Authorised investment funds with limited investment powers – stamp duty reserve tax **U.K.**

14A.—(1) Where, for the relevant period—

- (a) an authorised investment fund is constituted as a unit trust scheme (“the scheme”); and
- (b) conditions A to D in this regulation are met,

paragraph 2 of Schedule 19 to the Finance Act 1999 (“FA 1999”) shall not apply to a surrender to the scheme that would, but for this regulation, be taxable under Part II of that Schedule.

(2) Condition A is that the scheme must be dedicated to investment in the shares of a specified open-ended investment company to which Part 4A applies (“the PAIF”).

(3) Condition B is that—

- (a) the trust deed of the scheme must specify that the scheme may only invest in the PAIF; and
- (b) the prospectus for the scheme must state that the scheme may only invest in the PAIF.

(4) Condition C is when an investment in the scheme is made, the scheme must (within one working day of that investment) invest in the PAIF an amount equal to the investment.

(5) Condition D is that when a withdrawal of investment from the scheme is made, the scheme must (within one working day of that withdrawal) withdraw from the PAIF an amount equal to the withdrawal.

(6) For the purposes of complying with conditions C and D, an investment in the scheme may not be set off against a withdrawal from the scheme.

(7) A scheme will not be dedicated to investment in the PAIF for the purpose of condition B if it has any assets other than shares in the PAIF and money.

(8) In this regulation—

“relevant period” means the relevant two-week period referred to in paragraph 4(2) of Schedule 19 to FA 1999.

“surrender” means a surrender within the meaning of paragraph 2 of Schedule 19 to FA 1999.

“working day” means a day other than—

- (a) a Saturday, Sunday, Christmas Day or Good Friday; or
- (b) a Bank Holiday in the United Kingdom under the Banking and Financial Dealings Act 1971.

“money” includes cash held on deposit but does not include securities of any kind.]

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Textual Amendments

F18 Reg. 14A inserted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **10**

[^{F19}PART 2A U.K.]
Qualified Investor Schemes

Textual Amendments

F19 Pt. 2A inserted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **11** (with reg. 30)

Tax treatment of qualified investor schemes U.K.

14B.—(1) The provisions in paragraph (2) shall not apply to a qualified investor scheme in relation to an accounting period of the scheme unless the genuine diversity of ownership condition (see regulation [^{F20}9A]) is met in relation to that accounting period.

(2) The provisions referred to in paragraph (1) are—

- (a) the provisions of Part 2 of these Regulations,
[the provisions of Part 4 of these Regulations,]
^{F21}(aa)
- (b) the provisions of Part 4A of these Regulations,
- (c) where the qualified investor scheme is an authorised unit trust scheme, section 468(1A) of ICTA,
- (d) where the qualified investor scheme is an open-ended investment company, section 468A(1) of ICTA,
- (e) in subsection (1) of section 99 of TCGA 1992 (as modified by these Regulations) the words “except that nothing in this section” to the end of that sub-section, and
- (f) section 100 of TCGA 1992.

(3) Where the genuine diversity of ownership condition is not met in relation to an accounting period of the scheme—

- (a) section 13A of ICTA applies to the qualified investor scheme, whether or not that section would apply apart from this sub-paragraph; and
- (b) the total amount shown in the distribution accounts available for distribution to participants must only be shown as available for distribution in accordance with paragraph (1)(b) of regulation 17 (contents of distribution accounts).

(4) In these Regulations a “qualified investor scheme” means a fund, authorised by the Financial Services Authority, in which a statement that the fund is a qualified investor scheme is included in the instrument constituting the scheme.

^{F22}(5)]

Textual Amendments

- F20** Word in reg. 14B(1) substituted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **8(1)**
- F21** Reg. 14B(2)(aa) inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **8(2)**
- F22** Reg. 14B(5) omitted (1.9.2009) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **8(3)**

The genuine diversity of ownership condition **U.K.**

^{F23}14C.

Textual Amendments

- F23** Reg. 14C omitted (1.9.2009) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **9**

Clearance in relation to the genuine diversity of ownership condition **U.K.**

^{F24}14D.

Textual Amendments

- F24** Reg. 14D omitted (1.9.2009) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **9**

[^{F25}PART 2B **U.K.**
DIVERSELY OWNED AIFS

Textual Amendments

- F25** Pt. 2B inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **10**

Tax treatment of diversely owned AIFs **U.K.**

14E.—(1) This regulation applies to an authorised investment fund in respect of an accounting period if—

- (a) the fund carries out an investment transaction in that period, and
- (b) the fund meets the genuine diversity of ownership condition in relation to that period.

(2) In these Regulations an authorised investment fund to which this regulation applies is referred to as a “diversely owned AIF”.

(3) If the profits or losses, as the case may be, arising from an investment transaction are capital profits, gains or losses, that investment transaction shall be treated as a non-trading transaction of the diversely owned AIF for the purposes of corporation tax.

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

(4) Chapter 2 of Part 3 of CTA 2009 (income taxed as trade profits) does not apply to capital profits and losses arising from such an investment transaction.

(5) For the purposes of these Regulations “investment transaction” means a transaction specified in regulation 14F.

(6) For the purposes of paragraphs (3) and (4) capital profits, gains or losses arising from an investment transaction in an accounting period are such profits, gains or losses as fall to be dealt with under the heading “net capital gains/losses” in the statement of total return for an accounting period.

(7) For the purposes of paragraph (6), the “statement of total return for an accounting period” has the same meaning as in regulation 12(2).

Meaning of “investment transaction” **U.K.**

14F.—(1) For the purposes of these Regulations an “investment transaction” means—

- (a) any transaction in stocks and shares;
- (b) any transaction in a relevant contract (and see regulations 14G to 14K);
- (c) any transaction which results in a diversely owned AIF becoming a party to a loan relationship or a related transaction in respect of a loan relationship (and see regulation 14L);
- (d) any transaction in units in a collective investment scheme (and see regulation 14M);
- (e) any transaction in securities (and see paragraph (2));
- (f) any transaction consisting in the buying or selling of any foreign currency;
- (g) any transaction in a carbon emission trading product (and see regulation 14N).

(2) In paragraph (1)(e) “securities” means securities of any description not falling within subparagraphs (a) to (d) of paragraph (1).

Meaning of relevant contracts: general **U.K.**

14G.—(1) For the purposes of regulation 14F a “relevant contract” is—

- (a) an option,
- (b) a future, or
- (c) a contract for differences.

(2) For the purposes of this regulation an option, a future or a contract for differences which relates to land will only be a relevant contract if the option, the future or the contract for differences uses an index referred to in regulation 14K(1)(b) and the index is—

- (a) publicly accessible,
- (b) comprised of a significant number of properties, and
- (c) not maintained by—
 - (i) the diversely owned AIF,
 - (ii) the manager of the diversely owned AIF, or
 - (iii) a person who is a connected person in relation to the diversely owned AIF or the manager of the diversely owned AIF.

Meaning of relevant contract: options **U.K.**

14H.—(1) For the purposes of regulation 14G an “option” includes an instrument which entitles the holder to subscribe for shares in a company or assets representing a loan relationship of a

company, and for these purposes it is immaterial whether the shares or assets to which the instrument relates exist or are identifiable.

(2) For the purposes of paragraph (1) the reference to a loan relationship of a company is to be construed in accordance with regulation 14L but with references in that regulation to “diversely owned AIF” treated as references to “company”.

Meaning of relevant contract: futures U.K.

14I.—(1) For the purposes of regulation 14G a “future” is a contract for the sale of property under which delivery is to be made—

- (a) at a future date agreed when the contract is made, and
- (b) at a price so agreed.

(2) For the purposes of paragraph (1)(b) a price is taken to be agreed when the contract is made—

- (a) notwithstanding that the price is left to be determined by reference to the price at which a contract is to be entered into on a market or exchange or could be entered into at a time and place specified in the contract, or
- (b) in a case where the contract is expressed to be by reference to a standard lot and quality, notwithstanding that provision is made for a variation in the price to take account of any variation in quantity or quality on delivery.

Meaning of relevant contract: options and futures - general provisions U.K.

14J.—(1) For the purposes of regulations 14H and 14I references to an option or a future do not include references to a contract whose terms provide—

- (a) that, after setting off their obligations to each other under the contract, a cash payment is to be made by one party to the other in respect of the excess, if any, and do not provide for the delivery of any property,
- (b) that each party is liable to make to the other party a cash payment in respect of all that party’s obligations to the other under the contract and do not provide for the delivery of any property, or
- (c) for the delivery of any property other than property a transaction in which would fall within regulation 14F(1) where the property is delivered.

(2) Nothing in paragraph (1) has effect to exclude, from references to a future or option, a future or option whose underlying subject matter is currency.

(3) In paragraph (1) “underlying subject matter” means—

- (a) in relation to a future, the property which, if the future were to run to delivery, would fall to be delivered at the date and price agreed when the contract is made, and
- (b) in relation to an option, the property which would fall to be delivered if the option were exercised.

Meaning of relevant contract: contract for differences U.K.

14K.—(1) For the purposes of regulation 14G a “contract for differences” is a contract the purpose or pretended purpose of which is to make a profit or avoid a loss by reference to fluctuations in—

- (a) the value or price of property described in the contract, or
- (b) an index or other factor designated in the contract.

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

(2) For the purposes of paragraph (1)(b) an index or factor may be determined by reference to any matter and, for these purposes, a numerical value may be attributed to any variation in a matter.

(3) For the purposes of regulation 14G none of the following is a contract for differences—

- (a) an option,
- (b) a future,
- (c) a contract of insurance,
- (d) a contract effected in the course of capital redemption business,
- (e) a contract of indemnity,
- (f) a guarantee,
- (g) a warranty,
- (h) a loan relationship.

(4) For the purposes of paragraph (3)—

“capital redemption business” means any business of a company carrying on insurance business in so far as it consists of the effecting on the basis of actuarial calculations, and the carrying out, of contracts under which, in return for one or more fixed payments, a sum or series of sums of a specified amount becomes payable at a future time or over a period;

“loan relationship” is to be construed in accordance with regulation 14L but with references to “diversely owned AIF” in that regulation treated as references to “company”.

Loan relationships or related transactions **U.K.**

14L.—(1) For the purposes of regulation 14F a diversely owned AIF has a “loan relationship” if that diversely owned AIF stands (whether by reference to a security or otherwise) in the position of a creditor or debtor as respects any money debt and either—

- (a) that debt is one arising from a transaction for the lending of money; or
- (b) that debt is not one which arose from a transaction for the lending of money but is one—
 - (i) on which interest is payable to or by the diversely owned AIF, or
 - (ii) in relation to which exchange gains or losses arise to the diversely owned AIF, or
 - (iii) as respects which the conditions in paragraph (2) below are satisfied.

(2) The conditions referred to in paragraph (1)(b)(iii) are that—

- (a) the diversely owned AIF stands in the position of creditor in relation to the money debt; and
- (b) the money debt is one from which a discount (whether of an income or capital nature) arises to the diversely owned AIF.

(3) For the purposes of this regulation “exchange gains or losses” means profits or gains or losses which arise as a result of comparing at different times the expression in one currency of the whole or some part of the valuation put by the diversely owned AIF in another currency on an asset or liability of the diversely owned AIF.

(4) For the purposes of this regulation a “money debt” is a debt which is, or has at any time been, one that falls, or that may at the choice of the debtor or of the creditor fall, to be settled—

- (a) by the payment of money,
- (b) by the transfer of a right to settlement under a debt which is itself a money debt, or
- (c) by the issue or transfer of shares in any company,

disregarding any other alternative exercisable by either party.

(5) Subject to paragraph (6), if an instrument is issued by any person for the purpose of representing security for, or the rights of a creditor in respect of, any money debt, then (whatever the circumstances of the issue of the instrument) that debt shall be taken for the purposes of this regulation to be a debt arising from a transaction for the lending of money.

(6) For the purposes of this regulation a debt shall not be taken to arise from a transaction for the lending of money to the extent that it is a debt arising from rights conferred by shares in a company.

(7) For the purposes of this regulation so far as relating to exchange gains or losses any currency held by the diversely owned AIF shall be treated as a money debt.

(8) For the purposes of this regulation “money” includes money expressed in a currency other than sterling.

(9) In this Part a “related transaction” in relation to a loan relationship means any disposal or acquisition (in whole or in part) of rights or liabilities under that relationship.

Units in a collective investment scheme **U.K.**

14M.—(1) For the purposes of regulation 14F “units” in a collective investment scheme means the rights or interests (however described) of the participants in the collective investment scheme.

(2) For the purposes of this regulation “participant” has the same meaning as given by regulation 6(6) but with references to “authorised investment fund” and “fund” being read as references to “collective investment scheme”.

Carbon emission trading products **U.K.**

14N.—(1) For the purposes of regulation 14F a carbon emission trading product is—

- (a) a Community tradable emissions allowance, or
- (b) a transferable unit issued pursuant to the Kyoto Protocol,

which does not otherwise fall within any other regulation of this Part.

(2) For the purpose of this regulation—

“Community tradable emissions allowance” means a transferable allowance which relates to the making of emissions of greenhouse gases which are allocated as part of a system made for the purpose of implementing any Community obligation of the United Kingdom relating to such emissions;

“the Kyoto Protocol” means the Kyoto Protocol to the United Nations Framework Convention on Climate Change signed at Kyoto on 11th December 1997;

“unit” includes an assigned amount unit, certified emission reductions, an emission reduction unit and a removal unit.]

PART 3 **U.K.**

DISTRIBUTIONS MADE BY AUTHORISED INVESTMENT FUNDS

Preliminary

Interpretation **U.K.**

15.—(1) In these Regulations a reference to a “distribution” includes crediting an amount to the capital part of the scheme property of an authorised investment fund on behalf of a participant in respect of the participant's accumulation units.

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

(2) In these Regulations “distribution period”, in relation to an authorised investment fund, means a period by reference to which the total amount available for distribution to participants is ascertained.

(3) In these Regulations “distribution accounts”, in relation to an authorised investment fund, means accounts showing—

- (a) the total amount available for distribution to participants, and
- (b) how that total amount is computed.

(4) In these Regulations the “distribution date” for a distribution period of an authorised investment fund means—

- (a) the date specified by or in accordance with the terms of the trust or the instrument of incorporation of the company for any distribution for that distribution period, or
- (b) if no date is specified, the last day of that distribution period.

Funds excluded from the ambit of this Part **U.K.**

16. This Part does not apply to an authorised investment fund if the fund—

- (a) is a registered pension scheme within the meaning of Part 4 of the Finance Act 2004^{M10}, or
- (b) is treated, under paragraph 1(1) of Schedule 36 to that Act, as having become such a scheme.

Marginal Citations

M10 2004 c. 12.

Distribution accounts: general

Contents of distribution accounts **U.K.**

17.—(1) The total amount shown in the distribution accounts as available for distribution to participants must be shown as available for distribution in one of the following ways—

- (a) it may be shown as available for distribution as yearly interest (see regulations 18 to 21 below); or
- (b) it may be shown as available for distribution as dividends (see regulation 22 below).

[^{F26}(1A) Paragraph (1) does not apply in relation to an authorised investment fund to which Part 4A or 4B applies.]

(2) The following may not be included in any amount shown in the distribution accounts as available for distribution as yearly interest—

- (a) amounts chargeable to corporation tax under Schedule A;
- (b) amounts chargeable to corporation tax as income of an overseas property business (see section 70A(4) of ICTA^{M11}).

Textual Amendments

F26 Reg. 17(1A) inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **11**

Marginal Citations

M11 Section 70A was inserted by paragraph 25 of Schedule 5 to the [Finance Act 1998 \(c. 36\)](#).

Interest distributions

Interest distributions: general U.K.

18.—(1) Paragraph (2) applies where the total amount shown in the distribution accounts as available for distribution to participants is shown as available for distribution as yearly interest.

(2) The Tax Acts shall have effect as if the total amount were payments of yearly interest made on the distribution date by the authorised investment fund to the participants in proportion to their rights.

(3) In these Regulations an “interest distribution” means a payment of yearly interest treated as made by virtue of paragraph (2) (including a payment of interest treated as made to a participant who is not chargeable to income tax).

(4) This regulation is subject to—

- (a) regulation 19 (the qualifying investments test), and
- (b) regulation 23 (treatment of de minimis amounts).

The qualifying investments test U.K.

19.—(1) No amount may be shown as available for distribution as yearly interest unless the authorised investment fund in question satisfies the qualifying investments test throughout the distribution period.

(2) An authorised investment fund satisfies the qualifying investments test throughout a distribution period (the “relevant period”) if, at all times in that period, the market value of the qualifying investments exceeds 60% of the market value of all the investments of the fund.

(3) Regulations 20 and 21 deal with the meaning of the expression “qualifying investments”.

Meaning of “qualifying investments” U.K.

20. In these Regulations “qualifying investments”, in relation to an authorised investment fund, means the investments of that fund which fall within any of the following categories (read, as appropriate, with any applicable provision in regulation 21)—

Category 1

Money placed at interest.

Category 2

Securities.

Category 3

Shares in a building society.

Category 4

Qualifying units in another authorised investment fund.

Category 5

Derivative contracts whose underlying subject matter consists wholly of any one or more of the matters referred to in categories 1 to 4 and currency.

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

Category 6

Contracts for differences whose underlying subject matter consists wholly of any one or more of interest rates, creditworthiness and currency.

Category 7

Derivative contracts not within categories 5 or 6 where there is a hedging relationship between the derivative contract and an asset within categories 1 to 4.

Category 8

Alternative finance arrangements.

Meaning of “qualifying investments”: further provisions **U.K.**

21.—(1) This regulation applies for the purposes of regulation 20.

(2) For the purposes of category 2 “securities” do not include shares in a company.

(3) For the purposes of category 4 units in another authorised investment fund are qualifying units at any time in the relevant period if, and only if, the other authorised investment fund would itself (on the relevant assumption) satisfy the qualifying investments test throughout that period.

(4) For the purposes of paragraph (3) the relevant assumption is that the only investments of the other authorised investment fund which are to be regarded as qualifying investments are those falling within categories 1 to 3 and 5 to 8.

(5) In paragraph (4) references to investments of an authorised investment fund—

- (a) in the case of an open-ended investment company are references to investments comprised in the scheme property of that company, but do not include references to cash awaiting investment, and
- (b) in the case of an authorised unit trust are references to investments subject to the trusts of that authorised unit trust, but do not include references to cash awaiting investment.

(6) For the purposes of categories 5 and 6 “underlying subject matter” has the same meaning as in paragraph 11 of Schedule 26 to FA 2002 ^{M12}.

(7) For the purposes of categories 5 and 6 underlying subject matter may consist of currency only if and to the extent that there is a hedging relationship between the contract and a qualifying investment falling within categories 1 to 4.

(8) In paragraph (7) “hedging relationship” has the meaning given by paragraph 12(14) of Schedule 26 to FA 2002 ^{M13}.

(9) For the purposes of category 6 a “contract for differences” has the same meaning as in paragraph 12 of Schedule 26 to FA 2002 ^{M14}.

(10) For the purposes of category 7 a fund has a hedging relationship between a derivative contract on the one hand (“the hedging instrument”) and an asset on the other (“the hedged item”) if and to the extent that—

- (a) the hedging instrument and the hedged item are designated by the fund as a hedge, or
- (b) in any other case the hedging instrument is intended to act as a hedge of the exposure to changes in fair value of a hedged item which is a recognised asset or an identified portion of such an asset that is attributable to a particular risk and could affect the total net return of the fund.

(11) For the purposes of category 8 “alternative finance arrangements” has the meaning given by section 46(1) of the Finance Act 2005 ^{M15}.

Marginal Citations

- M12** 2002 c. 23. Paragraph 11 of Schedule 26 was amended by Article 12 of S.I. 2004/2201.
- M13** Paragraph 12(14) of Schedule 26 to the Finance Act 2002 was added by Article 9 of S.I. 2005/646.
- M14** Paragraph 12 of Schedule 26 to the Finance Act 2002 was amended by Article 13 of S.I. 2004/2201 and Article 9 of S.I. 2005/646.
- M15** 2005 c. 7.

Dividend distributions

Dividend distributions: general U.K.

22.—(1) Paragraph (2) applies where the total amount shown in the distribution accounts as available for distribution to participants is shown as available for distribution as dividends.

(2) The Tax Acts shall have effect as if the total amount were dividends on shares paid on the distribution date by the authorised investment fund to the participants in proportion to their rights.

(3) In these Regulations a “dividend distribution” means a dividend treated as paid by virtue of paragraph (2) (including a dividend treated as paid to a participant who is not chargeable to corporation tax).

(4) This regulation is subject to regulation 23 (treatment of de minimis amounts).

De minimis amounts

Provisions applying if amounts available for distribution are de minimis U.K.

23.—(1) An authorised investment fund is not treated as making a distribution for a distribution period if conditions A to D are met.

(2) Condition A is that, in accordance with rules made by the Financial Services Authority, the authorised investment fund has an agreed de minimis limit.

(3) Condition B is that the authorised investment fund—

- (a) has prepared distribution accounts in which the amount shown as available for distribution to participants is a de minimis amount, and
- (b) chooses to waive the distribution of that de minimis amount.

(4) Condition C is that the de minimis amount is carried forward to the next distribution period as an amount available for distribution to participants.

(5) Condition D is that none of the units of the authorised investment fund in issue on the distribution date are in bearer form.

(6) If this regulation applies, the authorised investment fund is not required to comply with the requirements of section 234A of ICTA ^{M16} (information relating to distributions) in respect of the de minimis amount for the distribution period in question.

(7) In this regulation—

the “de minimis limit”, in relation to an authorised investment fund, means an amount in respect of which a distribution of income of the fund is not required if the total amount shown in the fund's distribution accounts as available for distribution to participants does not exceed that amount, and

“de minimis amount” means an amount falling within the de minimis limit.

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

Marginal Citations

M16 Section 234A was inserted by section 32(1) of the [Finance \(No. 2\) Act 1992 \(c. 48\)](#) and amended by paragraph 2(2) of Schedule 37 to the [Finance Act 1996 \(c. 8\)](#).

PART 4 [U.K.](#)

THE TREATMENT OF PARTICIPANTS IN AUTHORISED INVESTMENT FUNDS

CHAPTER 1 [U.K.](#)

PRELIMINARY PROVISIONS

Structure of this Part [U.K.](#)

- 24.** The structure of this Part of these Regulations is as follows—
- this Chapter contains preliminary provisions;
 - Chapter 2 contains provisions relating to the tax treatment of participants chargeable to income tax;
 - Chapter 3 contains provisions relating to the tax treatment of participants chargeable to corporation tax;
 - F27** ...

Textual Amendments

F27 Words in reg. 24 omitted (1.1.2009) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **12**

Funds excluded from the ambit of this Part [U.K.](#)

- 25.** This Part does not apply to an authorised investment fund if the fund—
- (a) is a registered pension scheme within the meaning of Part 4 of the Finance Act 2004 ^{M17}, or
 - (b) is treated, under paragraph 1(1) of Schedule 36 to that Act, as having become such a scheme.

Marginal Citations

M17 [2004 c. 12](#).

CHAPTER 2 U.K.

PARTICIPANTS CHARGEABLE TO INCOME TAX

Deduction of tax from interest distributions: general

Deduction of tax where interest distributions made U.K.

26.—(1) This regulation applies if an interest distribution is made for a distribution period to a participant chargeable to income tax.

(2) Any obligation to deduct a sum under section 349(2) of ICTA ^{M18} is subject to the provisions of this regulation.

(3) In this Part the “deduction obligation” means the obligation specified in paragraph (2).

(4) The deduction obligation does not apply to the interest distribution if—

- (a) the participant is a company;
- (b) the participant consists of the trustees of a unit trust scheme;
- (c) the reputable intermediary condition is met with respect to a participant on the distribution date (see regulation 27); [^{F28}or]
- (d) the residence condition is met with respect to a participant on the distribution date (see regulation 30); ^{F29}...

^{F29}(e)

(5) But if the participant is a company which is the trustee of the trust to which (or under which) the interest distribution is made (or received), the deduction obligation is not excluded by virtue of paragraph (4)(a).

(6) In its application to an interest distribution to a participant in respect of accumulation units, the deduction obligation is an obligation to deduct a sum out of the amount being credited to scheme capital on the participant's behalf.

Textual Amendments

F28 Word in reg. 26(4)(c) inserted (6.4.2007) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 2\) Regulations 2007 \(S.I. 2007/794\)](#), regs. 1(1), **3**

F29 Reg. 26(4)(e) and preceding word revoked (6.4.2007) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 2\) Regulations 2007 \(S.I. 2007/794\)](#), regs. 1(1), **8(b)**

Marginal Citations

M18 Section 349(2) was amended by paragraph 1(2) of Schedule 11 to the [Finance Act 1991 \(c. 31\)](#), **paragraph 18** of Schedule 14 to the [Finance Act 1996 \(c. 8\)](#) and paragraph 148(2) of Schedule 1 to the [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#).

The reputable intermediary condition

The reputable intermediary condition U.K.

27.—(1) The reputable intermediary condition is met with respect to a participant on the distribution date if conditions A to C are met.

(2) Condition A is that the interest distribution is paid on behalf of the participant to a company.

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

(3) Condition B is that the legal owner has reasonable grounds for believing that the participant is not ordinarily resident in the United Kingdom.

(4) Condition C is that the company mentioned in paragraph (2)—

(a) is subject to the EC Money Laundering Directive,

(b) is subject to equivalent non-EC provisions, or

(c) is a company which—

(i) is resident in a regulating country or territory, and

(ii) is an associated company of a company which is subject to paragraph (a) or (b).

The reputable intermediary condition: further provisions **U.K.**

28.—(1) This regulation applies for the purposes of Condition C in regulation 27.

(2) A company is subject to the EC Money Laundering Directive if it is a credit institution or financial institution as defined by Article 1 of Directive [91/308/EEC](#), as amended by Directive [2001/97/EC](#).

(3) A company is subject to equivalent non-EC provisions if it is required by the law of any country or territory which is not a member State to comply with requirements similar to those which, under Article 3 of that Directive (as so amended), member States must ensure are complied with by credit institutions and financial institutions.

(4) A country or territory is a regulating country or territory if it either is a member State or imposes requirements similar to those which, under Article 3 of that Directive (as so amended), member States must ensure are complied with by credit institutions and financial institutions.

(5) A company is to be treated as another's associated company if it would be so treated for the purposes of Part 11 of ICTA (close companies) (see section 416 of that Act).

Consequences of reasonable but incorrect belief **U.K.**

29.—(1) This regulation applies if conditions A to D are met.

(2) Condition A is that an interest distribution is made to a participant.

(3) Condition B is that the legal owner, in reliance on the reputable intermediary condition being met with respect to the participant, does not comply with the deduction obligation in relation to the interest distribution.

(4) Condition C is that the deduction obligation would apply but for the reputable intermediary condition being met.

(5) Condition D is that (contrary to the belief of the legal owner) the participant is in fact ordinarily resident in the United Kingdom.

(6) Section 350 of ICTA ^{M19} (charge to tax where payments made under section 349) and Schedule 16 to that Act ^{M20} (collection of income tax on company payments which are not distributions) have effect as if the deduction obligation applied.

Marginal Citations

M19 Section 350 was amended by paragraph 8 of Schedule 6 to the Finance Act 1996 and section 96(2) of the Finance Act 2002.

M20 Schedule 16 was amended by section 149(3)(d) of the [Finance Act 1989 \(c. 26\)](#), Part II of Schedule 23 to the Finance Act 1996, section 91 of the [Finance Act 1999 \(c. 16\)](#) and paragraph 19 of Part 1 of Schedule 3 to the [Debt Arrangement and Attachment \(Scotland\) Act 2002 \(asp. 17\)](#).

The residence condition

The residence condition **U.K.**

30.—(1) The residence condition is met with respect to a participant on the distribution date if any of conditions A to E is met.

(2) Condition A is that, in relation to an interest distribution which is not made to or received under a trust, there is a valid declaration, made by the participant, that the participant is not ordinarily resident in the United Kingdom.

(3) Condition B is—

- (a) that the participant holds the units as the personal representative of a deceased person, and
- (b) that the deceased, before his death, made a declaration, valid at the time of his death, that he was not ordinarily resident in the United Kingdom.

(4) Condition C is—

- (a) that the participant holds the units as the personal representative of a deceased person, and
- (b) that the personal representative has made a declaration that the deceased, immediately before his death, was not ordinarily resident in the United Kingdom.

(5) Condition D is that, in the case of an interest distribution made to or received under a trust where the whole of the income is, or falls to be treated as, or under any provision of the Tax Acts is deemed to be, the income of a person other than the trustees of that trust, there is a valid declaration, made by the person in question that he is either not ordinarily resident or, in the case of a company, not resident in the United Kingdom.

(6) Condition E is that, in circumstances in which condition D does not apply and with respect to a participant in the case of an interest distribution made to or received under a trust, there is a valid declaration, made by the trustees of that trust that—

- (a) the trustees are not resident in the United Kingdom, and
- (b) each beneficiary of the trust is either not ordinarily resident or, in the case of a beneficiary which is a company, not resident in the United Kingdom.

Residence declarations **U.K.**

31.—(1) A declaration made for the purposes of regulation 30 must—

- (a) be in such form as may be required or authorised by the Commissioners;
- (b) be made in writing to the legal owner of the authorised investment fund in question; and
- (c) contain any details or undertakings required by paragraphs (2) to (4) below.

(2) A declaration made for the purposes of condition A or B in regulation 30 must contain—

- (a) the name and principal residential address of the person making it; and
- (b) an undertaking that he will notify the legal owner if he becomes ordinarily resident in the United Kingdom.

(3) A declaration made for the purposes of condition C in regulation 30 must contain the name of the deceased and his principal residential address immediately before his death.

(4) A declaration made for the purposes of condition D or E in regulation 30 must contain—

- (a) the names and principal residential addresses of the trustees of the trust or, in the case of a trustee which is a company, the name of the company and the address of its registered or principal office;

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

- (b) the names and principal residential addresses of the beneficiaries of the trust or, in the case of a beneficiary which is a company, the name of the company and the address of its registered or principal office; and
- (c) an undertaking that the trustees of the trust will notify the legal owner of the authorised investment fund in question if—
 - (i) they become resident in the United Kingdom,
 - (ii) any beneficiary of the trust named in the declaration becomes ordinarily resident or, in the case of a company, resident in the United Kingdom, or
 - (iii) any person who becomes a beneficiary of the trust after the making of the declaration either is at the time of becoming a beneficiary, or subsequently becomes, ordinarily resident or, in the case of a company, resident in the United Kingdom.

References to beneficiaries in regulations 30 and 31 U.K.

32. In regulations 30 and 31 references to a beneficiary are references to any person who is known to the trustees of the trust to be either—

- (a) a person who is or will or may become, entitled to any income of the trust, whether in the form of income or not, or
- (b) a person to whom any such income may be paid, or for whose benefit any such income may be applied, whether in the form of income or not, in the exercise of a discretion by them.

Interest distributions: the position of the legal owner U.K.

33.—(1) For the purposes of determining whether an interest distribution should be made with or without any deduction, the legal owner is entitled to treat a declaration made for the purposes of regulation 30 as valid.

(2) But the legal owner may not treat a declaration as valid if condition A or B is met.

(3) Condition A is that the legal owner receives a notification in compliance with an undertaking under regulation 31 that a person in question has become resident or ordinarily resident in the United Kingdom.

(4) Condition B is that the legal owner comes into possession of information by some other means which indicates that such a person is or may be resident or ordinarily resident in the United Kingdom.

The non-liability condition

The non-liability condition U.K.

^{F30}34.

<p>Textual Amendments</p> <p>F30 Regs. 34-46 revoked (6.4.2007) by The Authorised Investment Funds (Tax) (Amendment No. 2) Regulations 2007 (S.I. 2007/794), regs. 1(1), 8(c)</p>
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Qualifying certificates U.K.

^{F30}35.

Textual Amendments

F30 Regs. 34-46 revoked (6.4.2007) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 2\) Regulations 2007 \(S.I. 2007/794\)](#), regs. 1(1), **8(c)**

The contents condition **U.K.**

^{F30}**36.**

Textual Amendments

F30 Regs. 34-46 revoked (6.4.2007) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 2\) Regulations 2007 \(S.I. 2007/794\)](#), regs. 1(1), **8(c)**

The supplier condition **U.K.**

^{F30}**37.**

Textual Amendments

F30 Regs. 34-46 revoked (6.4.2007) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 2\) Regulations 2007 \(S.I. 2007/794\)](#), regs. 1(1), **8(c)**

The time limit condition **U.K.**

^{F30}**38.**

Textual Amendments

F30 Regs. 34-46 revoked (6.4.2007) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 2\) Regulations 2007 \(S.I. 2007/794\)](#), regs. 1(1), **8(c)**

The continuing validity condition **U.K.**

^{F30}**39.**

Textual Amendments

F30 Regs. 34-46 revoked (6.4.2007) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 2\) Regulations 2007 \(S.I. 2007/794\)](#), regs. 1(1), **8(c)**

The qualifying circumstances condition **U.K.**

^{F30}**40.**

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

Textual Amendments

F30 Regs. 34-46 revoked (6.4.2007) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 2\) Regulations 2007 \(S.I. 2007/794\)](#), regs. 1(1), **8(c)**

The joint holding condition U.K.

^{F30}**41.**

Textual Amendments

F30 Regs. 34-46 revoked (6.4.2007) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 2\) Regulations 2007 \(S.I. 2007/794\)](#), regs. 1(1), **8(c)**

Qualifying certificates valid for only part of jointly held accounts: introductory U.K.

^{F30}**42.**

Textual Amendments

F30 Regs. 34-46 revoked (6.4.2007) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 2\) Regulations 2007 \(S.I. 2007/794\)](#), regs. 1(1), **8(c)**

Qualifying certificates valid for only part of jointly held accounts: the general rule U.K.

^{F30}**43.**

Textual Amendments

F30 Regs. 34-46 revoked (6.4.2007) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 2\) Regulations 2007 \(S.I. 2007/794\)](#), regs. 1(1), **8(c)**

Qualifying certificates valid for only part of jointly held accounts: further provisions U.K.

^{F30}**44.**

Textual Amendments

F30 Regs. 34-46 revoked (6.4.2007) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 2\) Regulations 2007 \(S.I. 2007/794\)](#), regs. 1(1), **8(c)**

Consequences of notice under regulation 39(6) U.K.

^{F30}**45.**

Textual Amendments

F30 Regs. 34-46 revoked (6.4.2007) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 2\) Regulations 2007 \(S.I. 2007/794\)](#), regs. 1(1), **8(c)**

Qualifying certificate not in writing **U.K.**

^{F30}**46.**

Textual Amendments

F30 Regs. 34-46 revoked (6.4.2007) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 2\) Regulations 2007 \(S.I. 2007/794\)](#), regs. 1(1), **8(c)**

CHAPTER 3 **U.K.**

PARTICIPANTS CHARGEABLE TO CORPORATION TAX

Interest distributions

The obligation to deduct tax **U.K.**

47.—(1) This regulation applies if an interest distribution is made for a distribution period to a participant chargeable to corporation tax.

(2) The deduction obligation does not apply to the interest distribution.

(3) But if the participant is a company which is the trustee of the trust to which (or under which) the interest distribution is made (or received), the deduction obligation is not excluded by virtue of paragraph (2).

(4) In its application to an interest distribution to a participant in respect of accumulation units, the deduction obligation is an obligation to deduct a sum out of the amount being invested on the participant's behalf.

Dividend distributions

General **U.K.**

48.—(1) Paragraph (2) applies if—

- (a) a dividend distribution for a distribution period is made to a participant by the legal owner of an authorised investment fund, and
- (b) on the distribution date for that distribution period the participant is within the charge to corporation tax.

(2) [^{F31}Subject to paragraphs (2A) and (2B),] for the purpose of computing the corporation tax chargeable upon the participant, the unfranked part of the dividend distribution is treated—

- (a) as an annual payment and not as a dividend distribution or an interest distribution; and
- (b) as having been received by the participant after deduction of income tax at the [^{F32}basic rate] for the [^{F33}tax year] in which the distribution date falls, from a corresponding gross amount.

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

[^{F34}(2A) But paragraph (2) does not apply to a dividend distribution to which section 95 of ICTA or section 219(4) of FA 1994 applies.

(2B) If, on the distribution date, the participant is the manager of the authorised investment fund, paragraph (2) shall not apply to the extent that the rights in respect of which the dividend distribution is made are held by him in the ordinary course of the manager's business as manager of the fund.]

(3) Regulation 49 explains how to calculate the unfranked part of the dividend distribution.

[^{F35}(4) This regulation does not apply in respect of a holding in a qualified investor scheme if the scheme has not met the genuine diversity of ownership condition in regulation [^{F36}9A] in relation to an accounting period.]

Textual Amendments

- F31** Words in reg. 48(2) inserted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **13(2)**
- F32** Words in reg. 48(2)(b) substituted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **13(3)(a)**
- F33** Words in reg. 48(2)(b) substituted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **13(3)(b)**
- F34** Reg. 48(2A)(2B) inserted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **13(4)**
- F35** Reg. 48(4) inserted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **13(5)**
- F36** Word in reg. 48(4) substituted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **12**

Calculation of unfranked part of dividend distribution **U.K.**

49.—(1) This is how to calculate the unfranked part of the dividend distribution—

$$U = \frac{A \times C}{D}$$

(2) In paragraph (1)—

U = the unfranked part of the dividend distribution to the participant;

A = the amount of the dividend distribution;

C = such amount of the gross income as does not derive from franked investment income, as reduced by an amount equal to the legal owner's net liability to corporation tax in respect of the gross income;

D = the amount of the gross income, as reduced by an amount equal to the legal owner's net liability to corporation tax in respect of the gross income.

[^{F37}(2A) For the purpose of calculating the value of C in paragraph (1) in relation to a distribution made by an authorised investment fund (“AIF1”) to a participant, the amount of any distribution from another authorised investment fund (“AIF2”) which is treated by AIF1 as an annual payment by virtue of regulation 48(2)(a), shall be treated as not deriving from franked investment income arising to AIF2.]

(3) Any reference in this regulation to the legal owner's net liability to corporation tax in respect of the gross income is a reference to the amount of the liability of the legal owner to corporation tax

in respect of that gross income less the amount (if any) of any reduction of that liability which is given or falls to be given in accordance with any arrangements having effect by virtue of section 788 of ICTA (relief by agreement with other territories) or by way of a credit under section 790(1) of that Act (unilateral relief).

Textual Amendments

F37 Reg. 49(2A) inserted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **14**

References to gross income **U.K.**

50. For the purposes of this Chapter the references to the gross income are references to the gross income entered in the distribution accounts for the purpose of computing the total amount available for distribution to participants for the distribution period in question.

[^{F38}Participants chargeable to corporation tax: holdings in qualified investor schemes where scheme does not meet the genuine diversity of ownership condition **U.K.**

51.—(1) This regulation applies if—

- (a) a participant has a holding in a qualified investor scheme, and
- (b) the scheme has not met the genuine diversity of ownership condition in regulation [^{F39}9A] in relation to an accounting period.

(2) Section 212 of TCGA 1992 (annual deemed disposal of holdings of unit trusts etc.) does not apply to the participant in relation to that accounting period.

(3) Paragraph 4 of Schedule 10 to FA 1996 (company holdings in unit trusts and offshore funds) shall not apply to the participant in relation to that accounting period.]

Textual Amendments

F38 Reg. 51 substituted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **15**

F39 Word in reg. 51(1)(b) substituted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **13**

Repayments of tax **U.K.**

52.—(1) This regulation applies if, in relation to a dividend distribution, any tax is treated as having been deducted by virtue of regulation 48(2)(b).

(2) The amount to which the participant is entitled by way of repayment of that tax must not exceed the amount of the participant's portion of the legal owner's net liability to corporation tax in respect of the gross income.

(3) In calculating the amount to which the participant is entitled by way of repayment of that tax, tax treated as having been deducted by virtue of regulation 48(2)(b) is set off in priority to any other tax under section 7(2) of ICTA and under paragraph 5 of Schedule 16 to that Act.

(4) For the purposes of paragraph (2) the participant's portion shall be determined by reference to the proportions in which participants have rights in the authorised investment fund in the distribution period in question.

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

[^{F40}Companies carrying on general insurance business: treatment of certain amounts of tax as foreign tax U.K.]

52A.—(1) This regulation applies if conditions A to C are met.

(2) Condition A is that—

- (a) an authorised investment fund makes a dividend distribution, to which regulation 48(2) applies, to a participant carrying on general insurance business, and
- (b) the distribution mentioned in sub-paragraph (a) falls to be brought into account as a trading receipt of that business.

(3) Condition B is that there is some foreign tax suffered by the authorised investment fund in respect of which relief is given or falls to be given in accordance with any arrangements having effect by virtue of section 788 of ICTA (relief by agreement with other territories) or by way of a credit under section 790(1) of that Act (unilateral relief).

(4) Condition C is that the participant—

- (a) owns units which represent rights to 10% or more of the net asset value of the authorised investment fund; and
- (b) does not own those units as a nominee or a bare trustee.

(5) But, for the purposes of paragraph (4), rights in an authorised investment fund held as assets of a company's long-term insurance fund are not treated as held by the participant.

(6) For the purposes of the specified provisions, an amount equal to the participant's portion of the foreign tax mentioned in paragraph (3) is treated as foreign tax and not as United Kingdom tax.

(7) For the purposes of paragraph (6), the participant's portion shall be determined by reference to the proportions in which participants have rights in the authorised investment fund in the distribution period in question.

(8) In paragraph (6), "the specified provisions" means—

- (a) section 804C of ICTA (insurance companies: allocation of expenses etc in computations under Case I of Schedule D), to the extent that it applies to business of a company which is not long-term business; and
- (b) regulation 48.

(9) In this regulation—

"general insurance business" means the business of effecting and carrying out contracts of insurance falling within Part 1 of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;

"long-term business" has the meaning given in section 431(2) of ICTA (interpretative provisions relating to insurance companies).]

Textual Amendments

F40 Reg. 52A substituted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **16**

[^{F41}Diversely owned AIFs and financial traders: treatment of shares and units U.K.]

52B.—(1) This regulation and regulation 52C apply if a financial trader has held, or holds, shares or units in a diversely owned AIF.

(2) In computing the trading profits or losses of the financial trader for the relevant period, the following amounts must be brought into account—

- (a) all distributions received by or credited to the financial trader in respect of such shares or units for the relevant period; and
 - (b) any amount required to be brought into account under regulation 52C.
- (3) In this regulation and in regulation 52D(2) references to distributions are subject to section 130 of CTA 2009 (insurers receiving distributions etc).
- (4) In this regulation and in regulations 52C and 52D—
- “relevant period” means—
- (a) in the case of a financial trader within the charge to corporation tax, an accounting period, and
 - (b) in the case of a financial trader within the charge to income tax, a period of account;
- “financial trader” has the meaning given by regulation 52E.

Textual Amendments

F41 Regs. 52B-52E inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, 14

Financial traders: amounts to be brought into account in respect of shares or units held in diversely owned AIFs **U.K.**

52C.—(1) The only amounts that are to be brought into account in computing the trading profits or losses in respect of the shares or units in the diversely owned AIF for the relevant period are—

- (a) amounts that are brought into account in accordance with Cases 1 to 4, and
- (b) amounts within regulation 52B(2)(a).

This is subject to section 130 of CTA 2009 (insurers receiving distributions etc) and regulation 52D.

(2) Case 1 applies if the financial trader held the shares or units in a diversely owned AIF at the beginning of the relevant period and holds those shares or units throughout that period.

Where Case 1 applies, the amount to be brought into account is the difference between the market value of the shares or units at the end of the immediately preceding relevant period and the market value of those shares or units at the end of the relevant period.

(3) Case 2 applies if a financial trader acquired shares or units in a diversely owned AIF during the relevant period and retains those shares or units throughout the relevant period.

Where Case 2 applies, the amount to be brought into account is the difference between the market value of the shares or units at the end of the relevant period and the acquisition cost of those shares or units.

(4) Case 3 applies if the financial trader held shares or units in a diversely owned AIF at the beginning of the relevant period and disposes of those shares or units during that period.

Where Case 3 applies the amount to be brought into account is the difference between the market value of the shares or units at the end of the immediately preceding relevant period and the disposal value of the shares or units.

(5) Case 4 applies if the financial trader acquires shares or units in a diversely owned AIF during the relevant period and disposes of those shares or units during that period.

Where Case 4 applies the amount to be brought into account is the difference between the acquisition cost of the shares or units and the disposal value of those shares or units.

- (6) In this regulation—

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

“acquisition cost” means the value of the consideration given for the acquisition of the shares or units;

“disposal value” means the value of the consideration received for the disposal of the shares or units;

“market value” means—

- (a) in the case of shares or units in a diversely owned AIF where both the buying and selling prices of units are published regularly by the manager of the fund, an amount equal to the buying price (that is the lower price) so published on any particular date or, if none were published on that date, on the latest date before;
- (b) in the case of shares or units in a diversely owned AIF where a single price is published regularly by the manager of the fund, the price so published on any particular date, or if none were published on that date, on the latest date before.

Textual Amendments

F41 Regs. 52B-52E inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, 14

Shares and units not within regulation 52C **U.K.**

52D.—(1) Regulation 52C does not apply in respect of any shares or units in a diversely owned AIF in relation to which—

- (a) conditions A and B are both satisfied, or
- (b) condition C is satisfied.

(2) Condition A is that the shares or units in the diversely owned AIF form part of the financial trader’s stock in trade and all the profits and losses, including distributions, arising in relation to the shares or units in the diversely owned AIF are included in the computation of the financial trader’s trading profits for the relevant period.

(3) Condition B is that the shares or units in the diversely owned AIF are accounted for under generally accepted accounting practice on the basis of fair value accounting.

(4) Condition C is that the shares or units in the diversely owned AIF are a relevant holding in respect of which the provisions of section 490 of CTA 2009 apply in relation to the financial trader.

(5) In paragraph (4) “relevant holding” means—

- (a) any rights under a unit trust scheme;
- (b) a material interest in an offshore fund; or
- (c) any shares in an open-ended investment company.

Textual Amendments

F41 Regs. 52B-52E inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, 14

Meaning of financial trader **U.K.**

52E.—(1) In regulations 52B, 52C and 52D “financial trader” means a person who is carrying on a business which is—

- (a) a banking business,

- (b) an insurance business, or
- (c) a business consisting wholly or in part of dealing in trading assets such that any profit on such assets would form part of the trading profits of that business.

This paragraph is subject to paragraphs (2) and (3).

(2) “An insurance business” in paragraph (1)(b) does not include life assurance business carried on by an insurance company and in the event that such a company carries on both life assurance business and any other insurance business that company will not be a financial trader in respect of the life assurance business.

(3) If—

- (a) a financial trader, “A”, directly or indirectly transfers trading assets to a diversely owned AIF under or as part of an arrangement which has an unallowable purpose, and
- (b) a connected person, “B”—
 - (i) holds shares or units in that diversely owned AIF at the time of the transfer; or
 - (ii) directly or indirectly acquires shares or units in that diversely owned AIF at a later time,

B is treated as being a financial trader in relation to those shares or units.

(4) In paragraphs (1) and (3) “trading assets” means—

- (a) stocks or shares;
- (b) a relevant contract within regulation 14G;
- (c) a loan relationship within regulation 14L;
- (d) units in a collective investment scheme within regulation 14M;
- (e) securities within regulation 14F;
- (f) foreign currency; or
- (g) a carbon emission trading product within regulation 14N,

a profit on the sale of which would form part of the trading profits of the financial trader.

(5) An arrangement includes any scheme, understanding or transaction of any kind, whether or not legally enforceable and whether involving a single transaction or two or more transactions.

(6) An arrangement has an unallowable purpose if the main purpose or one of the main purposes for either A or B being party to the arrangement is to obtain a tax advantage or an income tax advantage for any person.

(7) In paragraph (6)—

“tax advantage” has the meaning given by section of 840ZA of ICTA; and

“income tax advantage” has the meaning given by section 683 of ITA 2007.]

Textual Amendments

- F41** Regs. 52B-52E inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, 14

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

CHAPTER 4 **U.K.**

CHARGE TO TAX ON SUBSTANTIAL QIS
HOLDINGS IN QUALIFIED INVESTOR SCHEMES

General

Charge to tax under this Chapter **U.K.**

^{F42}53.

Textual Amendments

F42 Regs. 53-69 omitted (1.1.2009) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **17(1)** (with regs. 30, 31)

Meaning of “substantial QIS holding” **U.K.**

^{F42}54.

Textual Amendments

F42 Regs. 53-69 omitted (1.1.2009) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **17(1)** (with regs. 30, 31)

Amount charged to tax under this Chapter **U.K.**

^{F42}55.

Textual Amendments

F42 Regs. 53-69 omitted (1.1.2009) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **17(1)** (with regs. 30, 31)

Measuring dates and meaning of “chargeable measuring date” **U.K.**

^{F42}56.

Textual Amendments

F42 Regs. 53-69 omitted (1.1.2009) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **17(1)** (with regs. 30, 31)

How tax is charged under this Chapter: income tax **U.K.**

^{F42}57.

Textual Amendments

F42 Regs. 53-69 omitted (1.1.2009) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **17(1)** (with regs. 30, 31)

How tax is charged under this Chapter: corporation tax **U.K.**

^{F42}**58.**

Textual Amendments

F42 Regs. 53-69 omitted (1.1.2009) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **17(1)** (with regs. 30, 31)

Further provisions **U.K.**

^{F42}**59.**

Textual Amendments

F42 Regs. 53-69 omitted (1.1.2009) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **17(1)** (with regs. 30, 31)

The first measuring date

The general rule **U.K.**

^{F42}**60.**

Textual Amendments

F42 Regs. 53-69 omitted (1.1.2009) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **17(1)** (with regs. 30, 31)

Cases affected by the coming into force of these Regulations **U.K.**

^{F42}**61.**

Textual Amendments

F42 Regs. 53-69 omitted (1.1.2009) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **17(1)** (with regs. 30, 31)

Cases involving the launch of qualified investor schemes **U.K.**

^{F42}**62.**

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

Textual Amendments

F42 Regs. 53-69 omitted (1.1.2009) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **17(1)** (with regs. 30, 31)

Cases where a participant's holding becomes substantial **U.K.**

^{F42}**63.**

Textual Amendments

F42 Regs. 53-69 omitted (1.1.2009) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **17(1)** (with regs. 30, 31)

Definition of the “first measuring date” **U.K.**

^{F42}**64.**

Textual Amendments

F42 Regs. 53-69 omitted (1.1.2009) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **17(1)** (with regs. 30, 31)

Calculation to be made on the first measuring date **U.K.**

^{F42}**65.**

Textual Amendments

F42 Regs. 53-69 omitted (1.1.2009) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **17(1)** (with regs. 30, 31)

Disposals of holdings

Reorganisations etc. **U.K.**

^{F42}**66.**

Textual Amendments

F42 Regs. 53-69 omitted (1.1.2009) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **17(1)** (with regs. 30, 31)

Disposal of part of a substantial QIS holding **U.K.**

^{F42}**67.**

Textual Amendments

F42 Regs. 53-69 omitted (1.1.2009) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **17(1)** (with regs. 30, 31)

Disposal of the whole of a substantial QIS holding **U.K.**

^{F42}**68.**

Textual Amendments

F42 Regs. 53-69 omitted (1.1.2009) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **17(1)** (with regs. 30, 31)

No gain/no loss disposals **U.K.**

^{F42}**69.**

Textual Amendments

F42 Regs. 53-69 omitted (1.1.2009) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **17(1)** (with regs. 30, 31)

[^{F43}**PART 4A** **U.K.**

PROPERTY AIFS

Textual Amendments

F43 Pt. 4A inserted (6.4.2008) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2008 \(S.I. 2008/705\)](#), regs. 1, 5

CHAPTER 1 **U.K.**

PRELIMINARY PROVISIONS

Property AIFs **U.K.**

69A.—(1) This Part enables an open-ended investment company which meets the conditions in regulations 69D to 69O—

- (a) to benefit from the exemption from corporation tax in accordance with regulation 69Y(1), and
- (b) to have liabilities to tax imposed on the company and on participants in accordance with Chapters 3, 4 and 5 of this Part.

(2) In these Regulations an open-ended investment company to which this Part applies may be referred to as a “Property AIF”.

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

Structure of this Part **U.K.**

69B. The structure of this Part of these Regulations is as follows—

- This Chapter contains preliminary provisions;
- Chapter 2 deals with entry into and membership of the Property AIF regime;
- Chapter 3 deals with the tax treatment of Property AIFs;
- Chapter 4 deals with distributions made by Property AIFs;
- Chapter 5 deals with the treatment of participants in Property AIFs;
- Chapter 6 deals with compliance in relation to the Property AIF regime; and
- Chapter 7 contains provisions relating to an open-ended investment company's leaving the Property AIF regime.

Key concepts **U.K.**

69C.—(1) In this Part “entry” means the time when this Part begins to apply to an open-ended investment company.

(2) In this Part “cessation” means the time when this Part ceases to apply to an open-ended investment company.

(3) In this Part, in relation to an open-ended investment company—

- (a) “F (pre-entry)” means the open-ended investment company before this Part begins to apply to it,
- (b) “F (tax-exempt)” means the open-ended investment company in so far as it carries on property investment business (within the meaning of regulation 69F) while this Part applies to it,
- (c) “F (residual)” means the open-ended investment company in so far as it carries on business other than property investment business while this Part applies to it, and
- (d) “F (post-cessation)” means the open-ended investment company after this Part has ceased to apply to it.

CHAPTER 2 **U.K.**

ENTRY INTO AND MEMBERSHIP OF THE PROPERTY AIF REGIME

Conditions of membership of the Property AIF regime

Conditions for this Part to apply to company **U.K.**

69D. In order for this Part to apply to an open-ended investment company in respect of an accounting period, the following conditions must be met—

- (a) the property investment business condition (see regulation 69E);
- (b) the genuine diversity of ownership condition (see regulation [F⁴⁴9A]);
- (c) the corporate ownership condition (see regulation 693K);
- (d) the loan creditor condition (see regulation 694M);
- (e) the balance of business conditions (see regulation 69N); and
- (f) the notification condition (see regulation 69O).

Textual Amendments

F44 Word in reg. 69D(b) substituted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **15**

Conditions for this Part to apply to a company where the company is also a qualified investor scheme **U.K.**

^{F45}**69DA.**

Textual Amendments

F45 Reg. 69DA omitted (1.9.2009) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **16**

The property investment business condition

The property investment business condition **U.K.**

69E.—(1) The property investment business condition is that the open-ended investment company must meet conditions A and B throughout the accounting period.

(2) Condition A is that the company’s instrument of incorporation and its prospectus (including any supplements to the prospectus) include a statement that the company’s investment objectives are—

- (a) to carry on property investment business, and
- (b) to manage cash raised from investors for investment in the property investment business.

(3) Condition B is that the company must carry on property investment business.

(4) In this Part “prospectus” includes any supplements to a prospectus.

Meaning of “property investment business” **U.K.**

69F.—(1) In this Part “property investment business” means business consisting of any one or more of—

- (a) property rental business (see regulation 69H);
- (b) owning shares in UK-REITs; and
- (c) owning shares or units in an entity in circumstances in which conditions A to C are met.

(2) In these Regulations “UK-REIT” means a company or group to which Part 4 of FA 2006 applies.

(3) Condition A is that the entity is—

- (a) a property company, or
- (b) a unit trust scheme or similar contractual arrangement—
 - (i) which is not a collective investment scheme,
 - (ii) which has defined capital,
 - (iii) which is listed on a recognised stock exchange, and

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

- (iv) where there is no obligation on the manager of the scheme to provide opportunities for redemption of the investment.
- (4) Condition B is that the entity is not within the charge to corporation tax.
- (5) Condition C is that the entity is equivalent to a UK-REIT in the jurisdiction in which the property company is incorporated, or (as the case may be) in the jurisdiction in which the unit trust scheme or similar contractual arrangement carries on business.
- (6) For the purposes of paragraph (3)(a) a property company is not equivalent to a UK-REIT if—
- (a) the shares forming the company’s ordinary share capital are not listed on a recognised stock exchange, or
 - (b) it is a company to which section 236 of FISMA 2000 applies.
- (7) In this regulation “recognised stock exchange” has the meaning given by section 1005(1) of ITA 2007.
- (8) This regulation is subject to the further provisions in regulation 69G.

Property investment business: further provisions U.K.

69G.—(1) If an open-ended investment company to which this Part applies receives a distribution from a UK-REIT—

- (a) the distribution is income of F (tax-exempt) to the extent that the distribution represents business of C (tax-exempt) carried on by the UK-REIT, and
- (b) the distribution is income of F (residual) to the extent that the distribution represents business other than business of C (tax-exempt) carried on by the UK-REIT.

(2) In paragraph (1) “C (tax-exempt)” shall be construed in accordance with Part 4 of the Finance Act 2006.

(3) If an open-ended investment company to which this Part applies receives a distribution from an entity within regulation 69F(1)(c), the distribution is income of F (tax-exempt) except to the extent that the distribution is identified, at the time at which it is made, as arising from any activity of the entity that is not property rental business.

- (4) For the purposes of this Part an asset is involved in property investment business if—
- (a) it is an estate, interest or right in or over land by the exploitation of which property rental business is conducted;
 - (b) it consists of shares owned by the open-ended investment company in a UK-REIT; or
 - (c) it consists of shares [^{F46}or units] owned by the open-ended investment company in an entity within regulation 69F(1)(c).

Textual Amendments

F46 Words in reg. 69G(4)(c) inserted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **19**

Meaning of “property rental business” U.K.

69H.—(1) In this Part “property rental business” means—

- (a) property rental business within the meaning given by section 104 of FA 2006, and
- (b) the relevant business of an intermediate holding vehicle (see regulation 69I).

(2) For the purposes of paragraph (1)(b) the relevant business of an intermediate holding vehicle is its property rental business within the meaning given by section 104 of FA 2006, but disregarding subsection (1)(a) of that section.

(3) For the purposes of this Part an asset is involved in property rental business if—

- (a) it is an estate, interest or right in or over land by the exploitation of which property rental business is conducted, or
- (b) it consists of shares owned by the open-ended investment company in an intermediate holding vehicle.

Meaning of “intermediate holding vehicle” U.K.

69I.—(1) For the purposes of regulation 69H, an entity is an “intermediate holding vehicle” in an accounting period if it meets conditions A to F throughout the accounting period.

(2) Condition A is that the vehicle is a company, trust or partnership.

(3) Condition B is that the vehicle is not a collective investment scheme.

(4) Condition C is that the vehicle is wholly owned by the open-ended investment company (the “parent”) or another intermediate holding vehicle or series of intermediate holding vehicles wholly owned by the parent, unless and to the extent that local legislation or regulations relating to the intermediate holding vehicle holding the property specified in paragraph (5) requires a proportion of local ownership.

(5) Condition D is that the function of the intermediate holding vehicle is solely to enable the holding, by the parent, of estates, interests or rights in or over land outside the United Kingdom by the exploitation of which property rental business is conducted.

(6) Condition E is that the intermediate holding vehicle has its accounts consolidated with those of the parent.

(7) Condition F is that all property rental income of the intermediate holding vehicle (or the full proportion of that income representing the interest of the parent in the intermediate holding vehicle) must be reflected in the distribution accounts of the parent at the same time as that income is reflected in the accounts of the intermediate holding vehicle.

The genuine diversity of ownership condition

The genuine diversity of ownership condition U.K.

^{F47}**69J.**

Textual Amendments

F47 [Reg. 69J omitted \(1.9.2009\) by virtue of The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\), regs. 1, 17](#)

The corporate ownership condition

The corporate ownership condition U.K.

69K.—(1) The corporate ownership condition is that the open-ended investment company must meet conditions A to C and (if applicable) condition D at the time that this Part begins to apply to the company and throughout the accounting period.

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

This is subject to regulation 69L(1).

(2) Condition A is that no body corporate is beneficially entitled (directly or indirectly) to 10% or more of the net asset value of the fund.

(3) Condition A is treated as met if—

- (a) the company has taken reasonable steps to prevent a body corporate from acquiring a holding of 10% or more of the net asset value of the fund,
- (b) a body corporate has nevertheless acquired such a holding,
- (c) immediately upon becoming aware of the situation, the company has taken steps to ensure that the holding is reduced below 10% of the net asset value of the fund, and
- (d) the company has continued, with all reasonable speed, to take steps to ensure that the holding is so reduced.

(4) Condition B is that the company's instrument of incorporation and its prospectus include provisions under which any body corporate which becomes a [^{F48}participant] in the company—

- (a) must undertake not to acquire 10% or more of the share capital of the company, and
- (b) must undertake, on becoming aware that it has acquired 10% or more of the share capital of the company, to reduce its holding of that share capital below 10%.

(5) Condition C is that the company's instrument of incorporation and its prospectus include provisions under which a body corporate acquiring shares in the company must give a certificate in accordance with paragraph (6) or (7).

(6) The certificate is a certificate that the body corporate acquiring shares holds the shares as beneficial owner.

(7) The certificate is a certificate that the body corporate acquiring shares holds some or all of those shares otherwise than as a beneficial owner, but that the body corporate—

- (a) holds less than 10% of the share capital of the company on behalf of itself or any one other corporate beneficial owner, and
- (b) has obtained the undertakings in the terms specified in sub-paragraphs (a) and (b) of paragraph (4) from every other body corporate on whose behalf it owns shares in the company otherwise than as a beneficial owner.

(8) Condition D is that, in a case in which the body corporate acquiring shares in the company gives a certificate in accordance with paragraph (7), the body corporate acquiring the shares has undertaken to disclose the following information to the manager of the company if the manager so requires—

- (a) the names of any body corporate on whose behalf the body corporate owns shares in the company otherwise than as a beneficial owner, and
- (b) the extent of the holding of that body corporate in the company.

Textual Amendments

F48 Word in reg. 69K(4) substituted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), 21

The corporate ownership condition: further provisions **U.K.**

69L.—(1) The open-ended investment company meets conditions B and C of the corporate ownership condition if it provides in its instrument of incorporation and its prospectus that a body corporate is prohibited from acquiring shares in the open-ended investment company.

(2) The open-ended investment company meets conditions B and C of the corporate ownership condition if—

- (a) it provides in its instrument of incorporation and its prospectus that a body corporate is prohibited from acquiring shares [^{F49}as a participant] in the open-ended investment company,
- (b) a body corporate (“BC”) acquires shares in the open-ended investment company,
- (c) BC does not hold those shares as beneficial owner, and
- (d) BC gives a certificate in accordance with paragraph (3).

(3) The certificate is a certificate—

- (a) that BC does not hold any of the shares in the open-ended investment company as beneficial owner, and
- (b) that none of the beneficial owners of BC’s shares in the open-ended investment company is a body corporate.

(4) Paragraph (5) applies if the trustees of a unit trust scheme—

- (a) hold shares in the open-ended investment company, and
- (b) are chargeable, in the United Kingdom, either to income tax or to corporation tax in their capacity as trustees of that unit trust scheme.

(5) For the purposes of regulation 69K [^{F50}the unit trust scheme is treated] as the beneficial owners of the shares; and a person holding units in the unit trust shall not be treated as beneficially entitled (directly or indirectly) to 10% or more of the net asset value of the open-ended investment company’s fund by virtue of holding the units.

(6) In this Part “body corporate” means—

- (a) a body corporate incorporated under the laws of any part of the United Kingdom or any other territory, or
- (b) an entity which is treated as a body corporate for tax purposes—
 - (i) in accordance with the law of a territory outside the United Kingdom with which relevant arrangements have been entered into, or
 - (ii) in accordance with an international agreement containing relevant arrangements.

(7) In paragraph (6) “relevant arrangements” means arrangements which—

- (a) have been entered into with a view to affording relief from double taxation, and
- (b) have effect by virtue of an Order in Council under section 788 of ICTA.

Textual Amendments

F49 Words in reg. 69L(2)(a) inserted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **22(2)**

F50 Words in reg. 69L(5) substituted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **22(3)**

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

The loan creditor condition

The loan creditor condition **U.K.**

69M.—(1) The loan creditor condition is that the open-ended investment company must meet conditions A to C throughout the accounting period in the case of any loan relationship to which the company is party as debtor.

(2) Condition A is that, in the case of a debtor relationship of the company, the person standing in the position of a creditor as respects the debt in question is not entitled to an amount by way of interest which depends to any extent on—

- (a) the results of all or part of the open-ended investment company’s business, or
- (b) the value of any of the company’s assets.

(3) For the purposes of condition A, a loan shall not be treated as dependent on the results of the company’s business by reason only that the terms of the loan provide—

- (a) for the interest to be reduced in the event of results improving, or
- (b) for the interest to be increased in the event of results deteriorating.

(4) Condition B is that, in the case of a debtor relationship of the company, the person standing in the position of a creditor as respects the debt in question is not entitled to an amount by way of interest which exceeds a reasonable commercial return on the consideration lent.

(5) Condition C is that, in the case of a debtor relationship of the company, the person standing in the position of a creditor as respects the debt in question is entitled on repayment to an amount which—

- (a) does not exceed the consideration lent, or
- (b) is reasonably comparable with the amount generally repayable (in respect of an equal amount of consideration) under the terms of issue of securities listed on a recognised stock exchange.

(6) In this regulation “loan relationship” and “debtor relationship” shall be construed in accordance with Chapter 2 of Part 4 of FA 1996 (loan relationships).

The balance of business conditions

The balance of business conditions **U.K.**

69N.—(1) The balance of business conditions are that conditions A and B must be met.

(2) Condition A is that the net income of F (tax-exempt) for an accounting period (determined in accordance with regulation 69Z1) is—

- (a) at least 40% of the open-ended investment company’s net income (as defined in regulation 69Z) where this Part applies to a newly qualified company in its first accounting period, or
- (b) at least 60% of the open-ended investment company’s net income (as defined in regulation 69Z) where this Part applies to a company in an accounting period in any other circumstances.

(3) Condition B is that the value of the assets involved in property investment business is—

- (a) at least 40% of the total value of the assets held by the open-ended investment company at the end of the accounting period where this Part applies to a newly qualified company in its first accounting period, or

- (b) at least 60% of the total value of the assets held by the open-ended investment company at the end of the accounting period where this Part applies to a company in an accounting period in any other circumstances.
- (4) For the purposes of condition B—
 - (a) assets must be valued in accordance with generally accepted accounting practice,
 - (b) where generally accepted accounting practice offers a choice of valuation between cost basis and fair value, fair value must be used, and
 - (c) no account shall be taken of liabilities secured against or otherwise relating to assets (whether generally or specifically).
- (5) In this Part a “newly qualified company” means a company—
 - (a) to which this Part applies immediately upon its authorisation, and
 - (b) which has not been an authorised investment fund before that authorisation.

The notification condition

The notification condition **U.K.**

- 69O.**—(1) The notification condition is that conditions A and B must be met.
- (2) Condition A is—
 - (a) that the manager of an existing open-ended investment company has given notice for this Part to apply to the company, or
 - (b) if it is proposed to incorporate an open-ended investment company, that the person expected to become the manager of the open-ended investment company on its incorporation (the “applicant”) has given notice for this Part to apply to the company.
- (3) Condition B is that the notice given under paragraph (2) has taken effect.
- (4) If notice is given under paragraph (2)(a), the company must obtain any necessary shareholder and regulatory approvals to its instrument of incorporation and prospectus before giving the notice.
- (5) If notice is given under paragraph (2)(b), the terms of the proposed company’s instrument of incorporation must be such that the proposed company, on its incorporation, will be required to meet—
 - (a) the property investment business condition (see regulation 69E), and
 - (b) the genuine diversity of ownership condition (see regulation [F519A]).
- (6) In this Part—
 - the “applicant” means the person referred to in paragraph (2)(b),
 - an “existing company notice” means a notice given under paragraph (2)(a), and
 - a “future company notice” means a notice given under paragraph (2)(b).

Textual Amendments

F51 Word in reg. 69O(5)(b) substituted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, 18

Form and timing of notice under regulation 69O **U.K.**

- 69P.**—(1) A notice under regulation 69O must be given in writing to the Commissioners.

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

(2) An existing company notice must be given at least 28 days before the beginning of the specified period.

This is subject to the following paragraphs of this regulation.

(3) A future company notice must be given at least 42 days before the date of the expected incorporation and authorisation.

This is subject to the following paragraphs of this regulation.

(4) A notice under regulation 69O may be withdrawn or amended at any time before it takes effect—

- (a) by the manager (in the case of an existing company notice), or
- (b) by the applicant (in the case of a future company notice).

(5) If a notice under regulation 69O is amended before it is due to take effect, regulation 69O shall apply to the amended notice.

(6) But if HM Revenue and Customs give notice that they are satisfied that the amended notice is valid, the amended notice shall take effect as if given on the date of the original notice.

(7) An existing company notice may be given at any time before the beginning of the specified period if—

- (a) HM Revenue and Customs have given clearance under regulation [F529B], and
- (b) the manager of the open-ended investment company certifies that there have been no changes in substance between—
 - (i) the form in which the company’s instrument of incorporation and its prospectus were considered by HM Revenue and Customs before giving the clearance, and
 - (ii) the form in which it is proposed that those documents will apply at the beginning of the specified period.

(8) A future company notice may be given at any time before the proposed company is authorised and incorporated if—

- (a) HM Revenue and Customs have given clearance under regulation [F539B], and
- (b) the applicant certifies that there have been no changes in substance between—
 - (i) the form in which the proposed company’s instrument of incorporation and its prospectus were considered by HM Revenue and Customs before giving the clearance, and
 - (ii) the form in which it is proposed that those documents will apply at the time when the proposed company is authorised.

Textual Amendments

F52 Word in reg. 69P(7)(a) substituted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **19(a)**

F53 Word in reg. 69P(8)(a) substituted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **19(b)**

Contents of notice under regulation 69O **U.K.**

69Q.—(1) This regulation applies if notice is given under regulation 69O.

(2) An existing company notice must specify the accounting period from the beginning of which this Part is to apply to the company (the “specified accounting period”).

- (3) An existing company notice must be accompanied by—
- (a) a statement by the manager of the open-ended investment company that the conditions specified in [^{F54}regulation 9A and] regulations 69E to 69N are reasonably expected to be met in respect of the company throughout the specified accounting period;
 - (b) the following documents relating to the company—
 - (i) its instrument of incorporation, and
 - (ii) its prospectus;
 - (c) a copy of the application to the Financial Services Authority for agreement to changes in the company's instrument of incorporation and its prospectus; and
 - (d) copies of any documents accompanying the application mentioned in sub-paragraph (c) to the extent that those documents do not fall within sub-paragraphs (a) and (b).
- (4) A future company notice must specify that this Part will apply to the proposed company from the date of its incorporation and authorisation.
- (5) A future company notice must be accompanied by—
- (a) a statement by the applicant that the conditions specified in [^{F55}regulation 9A and] regulations 69E to 69N are reasonably expected to be met in respect of the proposed company throughout its first accounting period;
 - (b) the following documents relating to the proposed company—
 - (i) its proposed instrument of incorporation, and
 - (ii) its proposed prospectus (including any supplements to the proposed prospectus);
 - (c) a copy of the application to the Financial Services Authority for approval of the proposed company as an open-ended investment company; and
 - (d) copies of any documents accompanying the application mentioned in sub-paragraph (c) to the extent that those documents do not fall within sub-paragraphs (a) and (b).

Textual Amendments

F54 Words in reg. 69Q(3)(a) inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **20(a)**

F55 Words in reg. 69Q(5)(a) inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **20(b)**

Procedural matters relating to the giving of notice for this Part to apply

Notice: further provisions: quashing notices **U.K.**

69R.—(1) This regulation applies if any of conditions A to C are met.

(2) Condition A is that an existing company notice is given, but the notice is not accompanied by the documents specified in regulation 69Q(3)(b).

(3) Condition B is that a future company notice is given, but the notice is not accompanied by the documents specified in regulation 69Q(5)(b).

(4) Condition C is that a person gives a notice under regulation 69O in circumstances where the documents supplied do not demonstrate that the open-ended investment company (or the proposed open-ended investment company) will meet all the conditions of membership of the Property AIF regime.

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

(5) HM Revenue and Customs may give a notice (a “quashing notice”) quashing the notice given under regulation 69O—

- (a) to the manager of the open-ended investment company if an existing company notice has been given, or
- (b) to the applicant if a future company notice has been given.

Procedure relating to quashing notices **U.K.**

69S.—(1) HM Revenue and Customs must not give a quashing notice until—

- (a) they have given a notice (a “preliminary notice”) to the person giving the notice under regulation 69O specifying the reasons why the preliminary notice is given, and
- (b) they have given the person giving the notice under regulation 69O a period of 28 days to rectify the matters specified in the preliminary notice.

Paragraph (1)(b) is subject to paragraphs (7) to (9).

(2) HM Revenue and Customs must give a preliminary notice within a period of 28 days beginning with the day on which they receive the notice given under regulation 69O.

(3) HM Revenue and Customs must—

- (a) give a quashing notice, or
- (b) give notice to the manager of the open-ended investment company or to the applicant (as the case may be) that they are satisfied that the matters specified in the preliminary notice have been rectified,

within a period of 28 days beginning on the day specified in paragraph (4).

(4) The day specified is whichever is the earlier to occur of—

- (a) the day immediately following the expiry of the period specified in the preliminary notice, and
- (b) the day on which HM Revenue and Customs receive notice from the manager of the open-ended investment company or from the applicant (as the case may be) that the manager or applicant thinks—
 - (i) that the matters specified in the preliminary notice have been rectified, or
 - (ii) that the original notice given under regulation 69O is valid.

(5) If HM Revenue and Customs give a preliminary notice, the open-ended investment company (or, as the case may be, the proposed open-ended investment company) in respect of which the notice is given may not enter the Property AIF regime until HM Revenue and Customs have notified the manager of the company (or, as the case may be, the applicant) that they are satisfied that the matters specified in the preliminary notice have been rectified.

(6) If HM Revenue and Customs give a quashing notice, and the person to whom the notice is given appeals, the open-ended investment company (or, as the case may be, the proposed open-ended investment company) in respect of which the notice is given may not enter the Property AIF regime until the appeal is determined.

(7) The period of 28 days mentioned in paragraph (1)(b) is replaced by the period referred to in paragraph (9) if, within that 28 day period, the conditions specified in paragraph (8) are met.

(8) The conditions are that—

- (a) HM Revenue and Customs and the applicant are in agreement as to the changes needed to the notice or to the documents accompanying the notice (or to both),

- (b) the applicant has given notice to HM Revenue and Customs stating that the changes referred to in sub-paragraph (a) will take a specified period (which is longer than 28 days) to effect, and
 - (c) HM Revenue and Customs have given notice to the applicant accepting the statement made in the notice given under sub-paragraph (b).
- (9) The period is the specified period mentioned in paragraph (8)(b).

Appeal against quashing notice **U.K.**

69T.—(1) A person to whom a quashing notice is given may appeal ^{F56}....

(2) The notice of appeal must be given to HM Revenue and Customs within a period of 28 days beginning with the day on which the quashing notice is given.

(3) On an appeal [^{F57}that is notified to the tribunal, the tribunal] shall determine whether it was just and reasonable for HM Revenue and Customs to give the quashing notice.

(4) If the [^{F58}tribunal allows] the appeal—

- (a) [^{F59}the tribunal may] direct that this Part shall apply to the open-ended investment company (or, as the case may be to the proposed open-ended investment company), and
- (b) [^{F59}the tribunal may] specify the date from which this Part shall so apply.

(5) The date mentioned in paragraph (4)(b)—

- (a) must not be earlier than the beginning of the specified accounting period if an existing company notice has been given, and
- (b) must not be earlier than the date of incorporation and authorisation if a future company notice has been given.

Textual Amendments

F56 Words in reg. 69T(1) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 2 para. 156(2)**

F57 Words in reg. 69T(3) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 2 para. 156(3)**

F58 Words in reg. 69T(4) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 2 para. 156(4)(a)**

F59 Words in reg. 69T(4)(a)(b) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 2 para. 156(4)(b)**

Clearance applications

Clearance in relation to the genuine diversity of ownership condition **U.K.**

^{F60}**69U.**

Textual Amendments

F60 Reg. 69U omitted (1.9.2009) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **21**

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

Consequences of entry

Effects of entry U.K.

69V.—(1) Property rental business of F (pre-entry) shall be treated for the purposes of corporation tax as ceasing at entry.

(2) Assets which immediately before entry are involved in property rental business of F (pre-entry) shall be treated for the purposes of corporation tax as being sold by F (pre-entry) immediately before entry and reacquired by F (tax-exempt) immediately after entry.

(3) For the purposes of corporation tax, on entry one accounting period of the open-ended investment company shall end and another shall begin.

(4) On entry a new distribution period of the open-ended investment company shall begin.

(5) The sale and reacquisition deemed under paragraph (2) shall not have effect for the purposes of tax in respect of chargeable gains.

(6) For the purposes of CAA 2001, the sale and reacquisition deemed under paragraph (2)—

(a) shall not give rise to allowances or charges, and

(b) shall not make it possible to make an election under section 198 or 199 of that Act (apportionment).

(7) For the purposes of CAA 2001, anything done by or to F (pre-entry) before entry in relation to an asset which is deemed under paragraph (2) to be sold and reacquired shall be treated after entry as having been done by or to F (tax-exempt).

Duration U.K.

69W. Once this Part has begun to apply to an open-ended investment company it shall continue to apply unless and until it ceases to apply in accordance with Chapter 7 of this Part.

CHAPTER 3 U.K.

THE TAX TREATMENT OF PROPERTY AIFS

Categories of business

Ring-fencing of tax-exempt business U.K.

69X.—(1) For the purposes of corporation tax, the business of F (tax-exempt) shall be treated as a separate business (distinct from—

(a) any business carried on by F (pre-entry),

(b) any business carried on by F (residual), and

(c) any business carried on by F (post-cessation)).

(2) For the purposes of corporation tax, F (tax-exempt) shall be treated as a separate company (distinct from—

(a) F (pre-entry),

(b) F (residual), and

(c) F (post-cessation)).

(3) In particular—

(a) a loss incurred by F (tax-exempt) may not be set off against the net income of F (residual),

- (b) a loss incurred in respect of F (residual) may not be set off against the net income of F (tax exempt),
 - (c) a loss incurred in respect of F (pre-entry) may not be set off against the net income of F (tax-exempt) (but this regulation does not prevent a loss of that kind from being set off against profits of F (residual)),
 - (d) a loss incurred by F (tax-exempt) may not be set off against profits arising to F (post-cessation) (in respect of business of any kind), and
 - (e) receipts accruing after entry but relating to business of F (pre-entry) shall not be treated as receipts of F (tax-exempt).
- (4) In paragraph (3) a reference to a loss includes a reference to a deficit, expense, charge or allowance.
- (5) Section 392B of ICTA (ring-fencing of losses from overseas property business) shall not apply to business of F (tax-exempt).
- (6) Paragraphs 5B and 5C of Schedule 28AA to ICTA (transfer pricing: exemption for small and medium enterprises) shall not apply to an open-ended investment company to which this Part applies (whether to F (tax-exempt) or to F (residual)).

Chargeability to tax

Chargeability to corporation tax **U.K.**

69Y.—(1) The net income of F (tax-exempt) (see regulation 69Z1) shall not be charged to corporation tax.

(2) The net income of F (residual) (see regulation 69Z3) shall be charged to corporation tax at the rate applicable for open-ended investment companies (see section 468A(1) of ICTA).

Meaning of “net income” **U.K.**

69Z.—(1) In this Part the “net income” of an open-ended investment company for an accounting period means, in the case of an open-ended investment company that prepares accounts in accordance with UK generally accepted accounting practice, the amount falling to be dealt with under the heading [^{F61}net revenue/(expense) before taxation] in the company’s statement of total return for the accounting period.

(2) In paragraph (1) “the company’s statement of total return for the accounting period” is to be construed in accordance with regulation 12.

Textual Amendments

F61 Words in reg. 69Z(1) substituted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **23**

Calculation of net income of F (tax-exempt) **U.K.**

69Z1.—(1) This regulation applies to determine the net income of F (tax-exempt) for the purposes of this Part.

(2) Section 21A of ICTA (calculation of profits of Schedule A business) shall apply to income arising from the business of F (tax-exempt).

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

(3) Paragraph 2(3) of section 15(1) of ICTA (Schedule A: disregard of credits and debits from loan relationships and derivative contracts) shall not apply in respect of—

- (a) a loan relationship if or in so far as it relates to tax-exempt business,
- (b) a hedging derivative contract if or in so far as it relates to tax-exempt business, or
- (c) embedded derivatives if or in so far as the host contract is entered into for the purposes of tax-exempt business.

(4) For the purposes of paragraph (3)—

- (a) a derivative contract is hedging in relation to a company if or in so far as it is acquired as a hedge of risk in relation to an asset by the exploitation of which tax-exempt business is conducted,
- (b) a derivative contract is hedging in relation to a company if or in so far as it is acquired as a hedge of risk in relation to a liability incurred in connection with tax-exempt business,
- (c) a designation of a contract as wholly or partly hedging for the purposes of a company's accounts shall be conclusive, and
- (d) “embedded derivatives” and “host contract” shall be construed—
 - (i) in accordance with section 94A of FA 1996 in relation to loan contracts with embedded derivatives,
 - (ii) in accordance with paragraph 2A of Schedule 26 to FA 2002 in relation to non-financial contracts with embedded derivatives,
 - (iii) in accordance with paragraph 2B of Schedule 26 to FA 2002 in relation to hybrid derivatives.

(5) In paragraph (4)(a) the reference to an asset includes a reference to—

- (a) the value of an asset, and
- (b) profits attributable to it.

(6) Net income shall be computed without regard to items giving rise to credits or debits which would be within Schedule 26 to FA 2002 (derivative contracts) but for paragraph 4(2)(b) of that Schedule (exclusion of share-based and unit-trust-based contracts).

(7) Income and expenditure relating partly to tax-exempt business and partly to non-tax-exempt business shall be apportioned reasonably.

(8) Section 3(1) of CAA 2001 (claims for capital allowances) shall not apply; and any allowance which the company could claim under that section shall be made automatically and reflected in the calculation of net income.

Components of income arising to F (residual) U.K.

69Z2.—(1) For the purposes of this Part the income arising to F (residual) consists of—

- (a) distributions qualifying for exemption under section 208 of ICTA, and
- (b) income arising from the business of F (residual).

(2) Section 21A of ICTA (calculation of profits of Schedule A business) shall apply to income arising from the business of F (residual) if and to the extent that income arising from the business of F (residual) is chargeable to corporation tax under Schedule A.

Calculation of net income of F (residual) U.K.

69Z3. Use this regulation to determine the net income of F (residual) for the purposes of this Part.

First rule

Determine the amount of the income arising to F (residual).

Second rule

Deduct any amounts whose deduction is required or allowed under the Corporation Tax Acts (including any distributions qualifying for exemption under section 208 of ICTA).

In this Part the amount so found is called the “pre-distribution amount”.

Third rule

Deduct the amount attributed to PAIF distributions (interest) under regulation 69Z14(b).

The result is the net income of F (residual).

Breaches of conditions

Breach of the genuine diversity of ownership condition U.K.

69Z4.—(1) This regulation applies if an open-ended investment company to which this Part applies is in breach of the genuine diversity of ownership condition.

(2) Within 28 days of becoming aware of the breach, the company must provide the following information to the Commissioners—

- (a) the date on which the condition first ceased to be met;
- (b) the date on which the company became aware of the breach;
- (c) details of the condition that was breached;
- (d) the nature of the breach;
- (e) the steps the company proposes to take to rectify the breach; and
- (f) the date by which the company proposes to rectify the breach.

(3) The date referred to in paragraph (2)(f) must be the earliest date by which the objective of complying with the genuine diversity of ownership condition may reasonably be achieved.

(4) The Commissioners may give a termination notice to the company if—

- (a) the steps that the company proposes to take will not rectify the breach, or
- (b) the date by which the company proposes to rectify the breach is not the earliest date by which the objective of remedying the genuine diversity ownership condition may reasonably be achieved.

(5) If there are three different breaches of the genuine diversity of ownership condition in three different accounting periods in a period of ten years beginning with the first day of the accounting period in which the company becomes aware of the first of those breaches, the Commissioners may give a termination notice to the company.

Breach of the corporate ownership condition U.K.

69Z5.—(1) This regulation applies if an open-ended investment company to which this Part applies is in breach of the corporate ownership condition.

(2) If there is a breach which is caused by the action of a shareholder in the company and the company has not taken reasonable steps to prevent the breach (so that, accordingly, there is a charge to corporation tax under regulation 69Z12) (a “specified breach”), this Part shall continue to apply to the company despite the breach (but see paragraph (3) and regulation 69Z8).

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

(3) If there are three specified breaches in a period of ten years beginning with the first day of the accounting period in which the first specified breach occurs, the Commissioners may give a termination notice to the company.

Breach of the loan creditor condition **U.K.**

69Z6.—(1) This regulation applies if an open-ended investment company to which this Part applies is in breach of the loan creditor condition.

(2) If the company is inadvertently in breach of the loan creditor condition but rectifies the breach within a period of 28 days beginning with the day on which the company first becomes aware of the breach, this Part shall continue to apply to the company despite the breach (but see paragraphs (5) and (6) and regulation 69Z8).

(3) If the company is inadvertently in breach of the loan creditor condition but does not rectify the breach within a period of 28 days beginning with the day on which the company first becomes aware of the breach, the Commissioners may give a termination notice to the company.

(4) If the company is intentionally or negligently in breach of the loan creditor condition, the Commissioners may give a termination notice to the company.

(5) If the company is in breach of the same condition specified in paragraphs (2) to (5) of regulation 69M in two different accounting periods in a period of ten years beginning with the first day of the accounting period in which the company becomes aware of the first of those breaches, the Commissioners may give a termination notice to the company.

(6) If the company is in breach of the conditions specified in paragraphs (2) to (5) of regulation 69M in three different accounting periods in a period of ten years beginning with the first day of the accounting period in which the company becomes aware of the first of those breaches, the Commissioners may give a termination notice to the company.

Breach of balance of business conditions **U.K.**

69Z7.—(1) Paragraph (2) applies if a newly qualified company—

- (a) is in breach of condition A set out in regulation 69N(2)(a) in its first accounting period, or
- (b) is in breach of condition B set out in regulation 69N(3)(a) at the end of its first accounting period.

(2) This Part shall cease to apply to the company at the end of its first accounting period and regulation 69Z41 shall apply.

(3) Paragraphs (4) to (7) apply if an open-ended-investment company to which this Part applies—

- (a) is in breach of condition A set out in regulation 69N(2)(b) in an accounting period, or
- (b) is in breach of condition B set out in regulation 69N(3)(b) at the end of an accounting period.

(4) If the conditions specified in paragraph (6) are met, this Part shall continue to apply to the company despite the breach (but see paragraph (7) and regulation 69Z8).

(5) If the conditions specified in paragraph (6) are not met, the Commissioners may give a termination notice to the company.

(6) The conditions are that—

- (a) property investment business is at least 50% of the company's net income in the accounting period,
- (b) the value of the assets involved in property investment business is at least 50% of the total value of assets held by the company at the end of the accounting period.

(7) If this regulation applies to a company in three different accounting periods in a period of ten years beginning with the first day of the accounting period in which the company becomes aware of the first of those breaches, the Commissioners may give a termination notice to the company.

Multiple breaches of separate conditions **U.K.**

69Z8.—(1) This regulation applies in relation to an open-ended investment company to which this Part applies if—

- (a) there has been a breach of at least two of the conditions in [^{F62}regulation 9A or regulations 69E to 69N,
 - (b) at least one of the conditions breached is contained in a different regulation from that containing another of those breached, and
 - (c) there have been five breaches in a period of ten years beginning with the first day of the accounting period in which the first breach occurs.
- (2) The Commissioners may give a termination notice to the company.

Textual Amendments

F62 Words in [reg. 69Z8\(1\)\(a\)](#) inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, 22

Further provisions

Profit/financing costs in the case of a Property AIF that is a qualified investor scheme **U.K.**

69Z9.—(1) This regulation applies if conditions A and B are met.

(2) Condition A is that an open-ended investment company to which this Part applies is a qualified investor scheme.

(3) Condition B is that the result of the following calculation is less than 1.25 in respect of an accounting period—

Income / Financing Costs

IncomeFinancing Costs

(4) In paragraph (3)—

“Income” means the amount of the net income of F (tax-exempt) arising in the accounting period (before the offset of capital allowances, of losses from a previous accounting period, and of amounts taken into account under regulation 69Z1(3)), and

“Financing Costs” means the amount of the financing costs incurred in that period in respect of the business of F (tax-exempt).

(5) An amount shall be charged to corporation tax.

(6) That amount is determined as follows—

Step One

Determine the financing costs which, given the actual income, would produce the result of 1.25 in the calculation specified in paragraph (3) (the “theoretical financing costs”).

Step Two

Determine the amount by which the actual financing costs exceed the theoretical financing costs (“the excess financing cost”).

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

Step Three

Divide the main rate at which corporation tax is charged for the accounting period by the rate at which corporation tax is charged on an open-ended investment company for the accounting period (see section 468A(1) of ICTA) to determine the multiplier.

Step Four

Multiply the excess financing cost by the multiplier.

The result is the amount charged to tax.

(7) For the purposes of paragraphs (3) and (4) “financing costs” are the costs of debt finance; and in calculating the costs of debt finance in respect of an accounting period the matters to be taken into account include—

- (a) costs giving rise to debits in respect of debtor relationships of the company under Chapter 2 of Part 4 of FA 1996 (loan relationships), other than debits in respect of exchange losses from such relationships (within the meaning of section 103(1A) and (1B) of that Act),
- (b) any exchange gain or loss from a debtor relationship within the meaning of that Chapter in relation to debt finance,
- (c) any credit or debit falling to be brought into account under Schedule 26 to FA 2002 (derivative contracts) in relation to debt finance,
- (d) the financing cost implicit in a payment under a finance lease, and
- (e) any other costs arising from what would be considered, in accordance with generally accepted accounting practice, to be a financing transaction.

(8) No loss, deficit, expense or allowance may be set off against the amount charged to tax by paragraph (5).

Cancellation of tax advantage **U.K.**

69Z10.—(1) This regulation applies if a company to which this Part applies has tried to obtain a tax advantage for itself or another person.

(2) The Commissioners may give a notice to the company specifying the tax advantage.

(3) If the Commissioners give a notice to the company under paragraph (2) a tax advantage obtained by the company shall be counteracted, in accordance with the notice, by an adjustment by way of—

- (a) an assessment;
- (b) the cancellation of a right of repayment;
- (c) a requirement to return a repayment already made; or
- (d) the computation or recomputation of profits or gains, or liability to tax, on a basis specified by the Commissioners in the notice.

(4) The Commissioners may (in addition to the adjustment under paragraph (3)) assess the company to such additional amount of income tax under Case VI of Schedule D as they think is equivalent to the value of the tax advantage.

(5) For the purposes of this regulation “tax advantage” has the meaning given by section 709 of ICTA.

(6) But a company does not obtain a tax advantage by reason only of this Part applying to it, unless it does anything (whether before or during the application of this Part) which is wholly or principally designed to create or inflate or apply a loss, deduction or expense (whether or not suffered or incurred by the company).

Appeal against notice under regulation 69Z10 **U.K.**

69Z11.—(1) If a notice is given to a company under regulation 69Z10, the company may appeal^{F63}....

(2) The notice of appeal must be given to HM Revenue and Customs within a period of 28 days beginning with the day on which the notice under regulation 69Z10 is given.

(3) On an appeal [^{F64}that is notified to the tribunal, the tribunal] may—

- (a) affirm, vary or cancel the notice, and
- (b) affirm, vary or quash an assessment made under regulation 69Z10(4).

Textual Amendments

F63 Words in reg. 69Z11(1) omitted (1.4.2009) by virtue of The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), Sch. 2 para. 157(2)

F64 Words in reg. 69Z11(3) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), Sch. 2 para. 157(3)

Distribution to holder of excessive rights: charge to tax **U.K.**

69Z12.—(1) This regulation applies if an open-ended investment company to which this Part applies—

- (a) makes a distribution to, or in respect of, a holder of excessive rights (see regulation 69Z13), and
- (b) the company has not taken reasonable steps to prevent the possibility of such a distribution being made.

(2) The company is treated as having received an amount of income calculated in accordance with paragraph (3).

(3) The amount of the income is determined by the formula—

$$I \times P$$

(4) In paragraph (3)—

I is the net income of F (tax-exempt) distributable in accordance with regulation 69Z14(a);

P is the percentage of the rights to the net asset value of the company held by, or on behalf of, the holder of excessive rights.

(5) The amount determined in accordance with paragraph (3) shall be charged to corporation tax as if it were income of F (residual) chargeable under Case VI of Schedule D arising in the accounting period in which the distribution mentioned in paragraph (1) was made by the company.

(6) No loss, deficit, expense or allowance may be set off against the amount charged to tax by paragraph (5).

Meaning of “holder of excessive rights” **U.K.**

69Z13.—(1) In this Part a “holder of excessive rights” means a body corporate which—

- (a) is a participant in an open-ended investment company to which this Part applies, and
- (b) is beneficially entitled to shares representing rights to 10% or more of the net asset value of the company.

(2) Paragraphs (4) and (5) of regulation 69L apply for the purposes of paragraph (1) as they apply for the purposes of regulation 69K.

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

(3) In this Part an “excessive holding” means the holding of a holder of excessive rights.

CHAPTER 4 **U.K.**

DISTRIBUTIONS MADE BY PROPERTY AIFS

Attribution of distributions **U.K.**

69Z14. The total amount shown in the distribution accounts of an open-ended investment company to which this Part applies as available for distribution to participants shall be attributed—

- (a) first, to property income distributions up to the amount of the net income of F (tax-exempt) (determined in accordance with regulation 69Z1),
- (b) secondly, to PAIF distributions (interest) up to the pre-distribution amount (determined in accordance with regulation 69Z3), and
- (c) finally, to PAIF distributions (dividends).

Property income distributions **U.K.**

69Z15.—(1) This regulation applies if—

- (a) an open-ended investment company to which this Part applies makes a distribution, and
- (b) the amount distributed includes sums attributed to property income distributions.

(2) The Tax Acts shall have effect as if the sums were payments made on the distribution date by the company to the participants in proportion to their rights.

(3) Regulation 69Z18 (property income distributions: liability to tax of participants) explains how a property income distribution received by a participant is treated.

(4) In these Regulations a “property income distribution” means a sum attributed to property income distributions which is distributed (including a payment made to a participant who is not chargeable to income tax or corporation tax).

PAIF distributions (interest) **U.K.**

69Z16.—(1) This regulation applies if—

- (a) an open-ended investment company to which this Part applies makes a distribution, and
- (b) the amount distributed includes sums attributed to PAIF distributions (interest).

(2) The Tax Acts shall have effect as if the sums were payments of yearly interest made on the distribution date by the company to the participants in proportion to their rights.

(3) In this Part a “PAIF distribution (interest)” means a sum attributed to PAIF distributions (interest) which is distributed (including a payment made to a participant who is not chargeable to income tax).

PAIF distributions (dividends) **U.K.**

69Z17.—(1) This regulation applies if—

- (a) an open-ended investment company to which this Part applies makes a distribution, and
- (b) the amount distributed includes sums attributed to PAIF distributions (dividends).

(2) The Tax Acts shall have effect as if the sums were dividends on shares paid on the distribution date by the company to the participants in proportion to their rights.

(3) In this Part a “PAIF distribution (dividends)” means a sum attributed to PAIF distributions (dividends) which is distributed (including a dividend treated as paid to a participant who is not chargeable to corporation tax).

CHAPTER 5 **U.K.**

THE TREATMENT OF PARTICIPANTS IN PROPERTY AIFS

Treatment of distributions: liability to tax of participants

Property income distributions: liability to tax of participants **U.K.**

69Z18.—(1) A property income distribution received by a participant in an open-ended investment company to which this Part applies shall be treated—

- (a) in the case of a participant within the charge to corporation tax, as profits of a Schedule A business, and
- (b) in the case of a participant within the charge to income tax, as the profits of a UK property business (within the meaning of section 264 of ITTOIA 2005).

(2) A distribution received by a participant who is not resident in the United Kingdom—

- (a) if the participant is a company within the charge to corporation tax, shall be chargeable to tax as profits of a Schedule A business,
- (b) if the participant is a person other than a company within the charge to corporation tax, shall be chargeable to tax as profits of a UK property business (within the meaning of section 264 of ITTOIA 2005), and
- (c) in either case shall not be chargeable to tax by virtue of sections 971 and 972 of ITA 2007 (non-resident landlords).

(3) Paragraph (1) shall not apply in relation to a participant if and in so far as the participant—

- (a) is a dealer in respect of distributions (within the meaning of section 95 of ICTA),
- (b) is a dealer in securities who is charged to tax under Part 2 of ITTOIA 2005 (trading income) in respect of distributions made by companies,
- (c) is an individual member of Lloyd’s (within the meaning given by section 184(1) of FA 1993) and the distribution is made in respect of assets forming part of—
 - (i) a premium trust fund of his (within the meaning given by section 174 of FA 1993), or
 - (ii) an ancillary trust fund of his (within the meaning given by section 176 of FA 1993),or
- (d) is a corporate member of Lloyd’s (within the meaning given by section 230(1) of FA 1994) and the distribution is made in respect of assets forming part of—
 - (i) a premium trust fund of his (within the meaning given by section 222 of FA 1994), or
 - (ii) an ancillary trust fund of his (within the meaning given by section 223 of FA 1994).

(4) Section 114(1)(a) of ICTA (partnerships with companies as members) does not disapply paragraph (1).

(5) Sections 231 of ICTA and 397 of ITTOIA 2005 (tax credits in respect of qualifying distributions) shall not apply to property income distributions.

(6) Property income distributions received by one participant acting in one capacity shall be treated, for the purposes of paragraph (1), as the profits of a single business which is separate from—

- (a) any other Schedule A business carried on by the participant,

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Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

- (b) any other UK property business (within the meaning of section 264 of ITTOIA 2005) carried on by the participant,
- (c) any overseas property business (within the meaning of section 70A(4) of ICTA) carried on by the participant, and
- (d) any overseas property business (within the meaning of section 265 of ITTOIA 2005) carried on by the participant.

(7) In the case of a participant which is a partnership, paragraph (6) applies to receipts by a partner of a share of any distribution as it applies to receipts by a participant.

PAIF distributions (interest): liability to tax of participants **U.K.**

69Z19.—^{F65}(1) A PAIF distribution (interest) received by a participant in an open-ended investment company to which this Part applies shall be treated—

- (a) in the case of a participant within the charge to corporation tax, as if it were interest arising from a loan relationship; and
- (b) in the case of a participant within the charge to income tax, as if it were a payment of yearly interest falling within Chapter 2 of Part 4 of ITTOIA 2005.]

(2) Sections 231 of ICTA and 397 of ITTOIA 2005 (tax credits in respect of qualifying distributions) shall not apply to PAIF distributions (interest).

Textual Amendments

F65 Reg. 69Z19(1) substituted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), 24

Property distributions (dividends): liability to tax of participants **U.K.**

69Z20.—(1) A PAIF distribution (dividends) received by a participant in an open-ended investment company to which this Part applies shall be treated as if it were a dividend on shares.

(2) If a PAIF distribution (dividends) is made for a distribution period to a participant chargeable to corporation tax, regulations 48 to 52A shall not apply to the distribution.

Distributions made after cessation **U.K.**

69Z21.—(1) This regulation applies if an open-ended investment company—

- (a) is a company to which this Part applies in respect of an accounting period,
- (b) makes a distribution in respect of that accounting period, and
- (c) the distribution is made after cessation.

(2) Regulations 69Z18 to 69Z20 apply in relation to the distribution.

Deduction of tax from distributions

Deduction of tax from property income distributions **U.K.**

69Z22.—(1) On making a property income distribution, an open-ended investment company to which this Part applies must deduct a sum representing income tax at the basic rate in force for the tax year in which the distribution date falls.

(2) A property income distribution shall be treated as having been received by the participant after deduction of income tax at the basic rate for the year of assessment in which the distribution date falls, from a corresponding gross amount.

(3) The sum is accordingly taken into account under sections 59B and 59D of TMA 1970 (see also paragraph 8 of Schedule 18 to the Finance Act 1998) in determining the income tax or corporation tax payable by, or repayable to, the participant.

(4) This regulation is subject to regulation 69Z24 (distribution payments to be made without deduction of tax).

Deduction of tax from PAIF distributions (interest) U.K.

69Z23.—(1) On making a PAIF distribution (interest), an open-ended investment company to which this Part applies must deduct a sum representing income tax at the [^{F66}basic rate] in force for the tax year in which the PAIF distribution (interest) is made.

(2) Accordingly, the sum is one to which section 874 of ITA 2007 applies.

^{F67}(3)

(4) This regulation is subject to regulation 69Z24 (distribution payments to be made without deduction of tax).

Textual Amendments

F66 Words in reg. 69Z23(1) substituted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **25(a)**

F67 Reg. 69Z23(3) omitted (1.1.2009) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **25(b)**

Distribution payments to be made without deduction of tax U.K.

69Z24.—(1) [^{F68}Subject to paragraphs (3A) and (3B),] on making a distribution, an open-ended investment company to which this Part applies must not deduct any sum representing income tax if the company reasonably believes that conditions A and B are met.

(2) Condition A is that if the distribution were made by a UK-REIT out of the profits of C (tax-exempt), the distribution would be required to be made without any deduction representing income tax.

(3) Condition B is that if the distribution were a distribution of yearly interest, the distribution would be required to be made without any deduction representing income tax.

[^{F69}(3A) But neither condition A nor condition B is met, in relation to a unit trust scheme, where—

- (a) the distribution is made to the trustee of the scheme;
- (b) the trustee is chargeable to corporation tax or income tax on the distribution in the United Kingdom; and
- (c) the trustee has made a request in writing to the Property AIF that the Property AIF should deduct tax from the distribution.

(3B) The Property AIF must not specify that the trustee of any unit trust scheme seeking to acquire shares in the Property AIF must have tax deducted from any distribution.]

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

(4) If at the time it makes a distribution the company reasonably believes that conditions A and B are met, but in fact those conditions are not both met, these Regulations shall apply to the distribution as if it were never one which could be made without deduction of tax.

(5) In paragraph (2) “profits of C (tax-exempt)” shall be construed in accordance with Part 4 of FA 2006.

Textual Amendments

- F68** Words in reg. 69Z24(1) inserted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **26(a)**
- F69** Reg. 69Z24(3A)(3B) inserted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **26(b)**

[^{F70}Manufactured dividends representing property income distributions **U.K.**]

69Z24A.—(1) This regulation applies to the extent that a manufactured dividend which is paid by a dividend manufacturer is representative of property income distributions to which regulation 69Z15 applies.

(2) The amount of the manufactured dividend falling within paragraph (1) is referred to in this regulation as “the manufactured PID amount”.

(3) The recipient of the manufactured PID amount is treated as having received a distribution to which regulation 69Z18 applies.

(4) In relation to the dividend manufacturer—

- (a) if the dividend manufacturer is a company and the manufactured dividend is paid in the course of a trade carried on in the United Kingdom, the manufactured PID amount shall be treated as an expense of the trade;
- (b) if the manufactured dividend is paid in connection with investment business, the manufactured PID amount shall be treated for the purposes of section 75 of ICTA as expenses of management; and
- (c) in the case of a company carrying on life assurance business, so much of the manufactured PID amount as would be referable by virtue of section 432A of ICTA to basic life assurance and general annuity business if it were received by the company shall be treated for the purposes of section 76 of ICTA as if it were an expense payable falling to be brought into account at step 3 of section 76(7).

(5) Regulations 69Z22, 69Z24 and 69Z29 to 69Z35 apply to the dividend manufacturer as if—

- (a) the dividend manufacturer were an open-ended investment company to which this Part applies; and
- (b) the manufactured PID amount were a distribution to which those regulations apply.]

Textual Amendments

- F70** Regs. 69Z24A-69Z24D inserted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **27**

[^{F70}Manufactured dividends representing PAIF distributions (interest) U.K.]

69Z24B.—(1) This regulation applies to the extent that a manufactured dividend which is paid by a dividend manufacturer is representative of a PAIF distribution (interest) to which regulation 69Z16 applies.

(2) The amount of the manufactured dividend to which this regulation applies is referred to in this regulation as the “manufactured PAIF interest amount”.

(3) If the recipient of the manufactured dividend is a company within the charge to corporation tax it is treated as having received, in relation to the manufactured PAIF interest amount, an amount to which section 97 of FA 1996 applies.

(4) If the recipient of the manufactured dividend is within the charge to income tax it is treated as having received, in relation to the manufactured PAIF interest amount, an amount to which regulation 69Z19 applies.

(5) If the dividend manufacturer is a company within the charge to corporation tax, section 97 of FA 1996 is treated as applying to the manufactured PAIF interest amount.

(6) Regulations 69Z23, 69Z24 and 69Z29 to 69Z35 apply to the dividend manufacturer in relation to the manufactured PAIF interest amount as if the dividend manufacturer were an open-ended investment company to which this Part applies.]

Textual Amendments

F70 Regs. 69Z24A-69Z24D inserted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), 27

[^{F70}Manufactured dividends – PAIF distributions (dividends) U.K.]

69Z24C.—(1) This regulation applies to the extent that a manufactured dividend which is paid by a dividend manufacturer is representative of a PAIF distribution (dividends) to which regulation 69Z17 applies.

(2) The recipient of the manufactured dividend is treated as having received, to that extent, an amount to which regulation 69Z20 applies.

(3) If the dividend manufacturer is a company, paragraph 2(2)(b) of Schedule 23A to ICTA has effect in relation to the amount of the manufactured dividend to which paragraph (1) applies.]

Textual Amendments

F70 Regs. 69Z24A-69Z24D inserted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), 27

[^{F70}Interpretation U.K.]

69Z24D. In regulations 69Z24A to 69Z24C, “manufactured dividend” and “dividend manufacturer” have the meanings given by Schedule 23A to ICTA .]

Textual Amendments

F70 Regs. 69Z24A-69Z24D inserted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), 27

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

CHAPTER 6 **U.K.**

COMPLIANCE IN RELATION TO THE PROPERTY AIF REGIME

Company tax return

Documents to be included with company tax return **U.K.**

69Z25.—(1) An open-ended investment company to which this Part applies must include documents A and B in its company tax return.

(2) Document A is a calculation of the net income of F(tax-exempt) and F(residual) in accordance with regulations 69Z1 to 69Z3.

(3) Document B is a reconciliation between—

- (a) the net income of the company (see regulation 69Z), and
- (b) the total income shown in the distribution accounts as attributed in accordance with regulation 69Z14.

(4) In paragraph (1) “company tax return” means the return required to be delivered pursuant to a notice under paragraph 3 of Schedule 18 to the Finance Act 1998, as read with paragraph 4 of that Schedule.

(5) Section 98 of TMA 1970 applies to any failure to furnish any information, give any certificate or produce any document or record in accordance with any provision of this Chapter as it applies to any such failure in the case of any provision specified in the second column of the Table below that section.

Breaches of conditions in Chapter 2

Information to be provided by company to which this Part applies **U.K.**

69Z26.—(1) This regulation applies if an open-ended investment company to which this Part applies—

- (a) does not meet a condition set out in Chapter 2 of this Part (entry into and membership of the Property AIF regime), and
- (b) becomes aware that it does not meet the condition.

(2) As soon as reasonably practicable, the company must provide the following information to the Commissioners—

- (a) the date on which the condition first ceased to be met and the date (if any) on which the condition was satisfied again;
- (b) details of the condition that was breached;
- (c) the nature of the breach; and
- (d) what (if anything) the company has done to prevent the breach recurring.

(3) This regulation does not apply if the breach of condition is one to which regulation 69Z27 applies.

Holders of excessive rights

Information relating to holders of excessive rights **U.K.**

69Z27.—(1) This regulation applies if an open-ended investment company to which this Part applies becomes aware that it has made a distribution to, or in respect of, a holder of excessive rights.

(2) As soon as reasonably practicable, the company must provide the following information to the Commissioners—

- (a) the name of every person to whom, or in respect of whom, the distribution specified in paragraph (1) was made;
- (b) the address of every such person;
- (c) the amount or value of the distribution;
- (d) particulars of those persons' interests in the company, including details of the percentage of rights to the net asset value of the company represented by the shares held by those persons;
- (e) the steps the company took to prevent the acquisition of any excessive holding; and
- (f) the steps the company has taken, or is taking, to ensure that there is no longer any excessive holding in the company.

Information about possible breaches of conditions of membership of Property AIF regime

Information to be provided to officers of Revenue and Customs **U.K.**

69Z28.—(1) This regulation applies if an officer of Revenue and Customs thinks that an open-ended investment company to which this Part applies—

- (a) does not meet, or may not meet, a condition specified in Chapter 2 of this Part, or
- (b) has not rectified a breach of such a condition.

(2) The officer may serve a notice on the manager of the company.

(3) The notice may require the manager to provide any of the information specified in regulation 69Z26(2) or, as the case may be, regulation 69Z27(2).

(4) The manager must comply with the notice within a period of 28 days beginning with the day on which the notice is served.

Accounting for tax deducted from property income distributions

Payments in an accounting period **U.K.**

69Z29.—(1) This regulation applies if—

- (a) an open-ended investment company to which this Part applies makes a distribution in an accounting period of the company, and
- (b) the distribution includes sums attributed to property income distributions or to PAIF distributions (interest) (or to both) (referred to in this Chapter as a “relevant distribution”).

(2) The company must deliver a return to an officer of Revenue and Customs for each return period—

- (a) which falls within the accounting period, and
- (b) in which the company makes a relevant distribution.

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

- (3) The return periods are—
- (a) the quarters ending on 31st March, 30th June, 30th September and 31st December (the “quarter days”); and
 - (b) any shorter period which—
 - (i) starts on the first day of an accounting period and ends with the first or only quarter day in that accounting period;
 - (ii) begins immediately after the last or only quarter day in that accounting period and ends on the last day of that accounting period; or
 - (iii) is an accounting period which starts and ends within a quarter.
- (4) The company must deliver the return during a period of 14 days beginning with the day immediately following the end of the return period.
- (5) The return must show the amount of—
- (a) any relevant distributions made by the company in the return period, and
 - (b) the tax (if any) payable by the company in respect of those payments.
- (6) The company must deliver, with the return for the return period which ends on the last day of an accounting period, a reconciliation statement showing, in relation to any distribution made during the accounting period, the amounts (if any) which are attributable to each of paragraphs (a) to (c) of regulation 69Z14 (attribution of distributions).

Collection and payment of tax **U.K.**

- 69Z30.**—(1) Tax in respect of a relevant distribution is due at the time by which the return on which the distribution must be included is required to be delivered.
- (2) The tax due is equal to the sum which the company is required to deduct from the relevant distribution under—
- (a) regulation 69Z22(1) (deduction of tax from property income distributions), and
 - (b) regulation 69Z23(1) (deduction of tax from PAIF distributions (interest)).
- (3) The tax is due from the company making the relevant distribution.
- (4) The tax is payable without an officer of Revenue and Customs making any assessment.

Assessments where relevant distribution included in return **U.K.**

- 69Z31.**—(1) This regulation applies if any tax in respect of a relevant distribution which is included in a return under this Chapter has not been paid at or before the time mentioned in regulation 69Z30.
- (2) An officer of Revenue and Customs may make an assessment on the person who made the relevant distribution.
- (3) Tax may be assessed under this regulation whether or not it has been paid when the assessment is made.

Assessments in other cases **U.K.**

- 69Z32.**—(1) This regulation applies if an officer of Revenue and Customs thinks—
- (a) that there is a relevant distribution which should have been included in a return under this Chapter and which has not been so included, or
 - (b) that a return under this Chapter is otherwise incorrect.

(2) An officer of Revenue and Customs may make an assessment on the person who made the relevant distribution to the best of the officer's judgement.

Application of Income Tax Acts provisions about time limits for assessments **U.K.**

69Z33.—(1) The provisions of the Income Tax Acts about the time within which an assessment may be made apply to assessments under this Chapter, so far as those provisions refer or relate to—

- (a) the tax year for which an assessment is made, or
- (b) the year to which an assessment relates.

(2) Paragraph (1) applies despite the fact that an assessment under this Chapter may relate to a return period which is not a tax year.

(3) The provisions of section 36 of TMA 1970 (fraudulent or negligent conduct) about the circumstances in which an assessment may be made out of time apply accordingly on the basis that any such assessment relates to the tax year in which the return period ends.

(4) Section 87 of TMA 1970 (interest on overdue income tax deducted at source) applies for the purposes of a payment due under regulation 69Z30 or an assessment made under regulation 69Z31 or 69Z32.

^{F71}Certificates of deduction of tax **U.K.**

69Z34.—(1) A company making a relevant distribution which is subject to deduction of tax by virtue of regulation 69Z22(1) must furnish the recipient with a statement that complies with condition A or B.

This is subject to paragraph (5).

(2) The duty imposed by paragraph (1) is enforceable at the suit or instance of the recipient.

(3) Condition A is that the statement is in writing showing—

- (a) the gross amount of the payment,
- (b) the amount of tax deducted, and
- (c) the actual amount paid.

(4) Condition B is that the statement is in writing—

- (a) showing—
 - (i) the gross amount of the distribution made to the participant,
 - (ii) the number and class of units held by the participant in respect of which the distribution is made,
 - (iii) the net amount of the distribution per unit,
 - (iv) whether any tax has been deducted from the distribution, and
 - (v) the date the distribution was made;
- (b) providing details to allow the participant to access an electronic means of calculating the amounts that would be shown in a statement provided in accordance with condition A; and
- (c) providing the participant with an alternative method of obtaining the details of those amounts without recourse to electronic means.

(5) If an appropriate statement for the purposes of section 234A of ICTA is provided by the company in accordance with regulation 70(4) and (5)—

- (a) condition A does not apply, and
- (b) the statement required by condition B must be included in the appropriate statement.

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

(6) Where paragraph (5) applies, “distribution” in regulation 70(4) and (5) shall be taken to include the property income distribution and the statement must show the percentage of the gross distribution attributable to the property income distribution.]

Textual Amendments

F71 Reg. 69Z34 substituted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, 23

Company’s duty to deliver amended return **U.K.**

69Z35.—(1) This regulation applies if an open-ended investment company to which this Part applies makes a distribution, and then becomes aware that—

- (a) anything which should have been included in a return delivered by the company under these Regulations has not been so included,
- (b) anything which should not have been included in a return delivered by the company under these Regulations has been so included, or
- (c) any other error has occurred in a return delivered by the company under these Regulations.

(2) The company must deliver an amended return correcting the error to an officer of Revenue and Customs without delay.

(3) If the company delivers an amended return such assessments, adjustments, setoffs or payments or repayments of tax as are necessary for achieving the objective mentioned in paragraph (4) must be made.

(4) The objective is that the resulting liabilities to income and corporation tax (including interest on unpaid or overpaid tax) of the company or any other person are the same as they would have been if a correct return had been delivered.

CHAPTER 7 **U.K.**

LEAVING THE PROPERTY AIF REGIME

Termination by notice: company **U.K.**

69Z36.—(1) This regulation applies if an open-ended investment company to which this Part applies gives a notice under this regulation specifying a date at the end of which this Part is to cease to apply to the company.

(2) This Part shall cease to apply to the company at the end of that date.

(3) A notice under paragraph (1) must be given in writing to the Commissioners.

(4) The date specified under paragraph (1) must be after the date on which the Commissioners receive the notice.

Termination by notice: Commissioners **U.K.**

69Z37.—(1) This regulation applies if the Commissioners give a notice in writing under this paragraph to an open-ended investment company to which this Part applies (a “termination notice”).

(2) This Part shall cease to apply to the company.

(3) The Commissioners may give a termination notice only if—

- (a) a provision contained in this Part provides that the Commissioners may give a termination notice,

- (b) there is an intentional or negligent breach of a condition in Chapter 2, or
 - (c) there is an attempt to gain a tax advantage to which regulation 69Z10 applies.
- (4) A termination notice must state the reason for it.

(5) If a termination notice is given to an open-ended investment company, this Part shall be taken to have ceased to apply to the open-ended investment company at the end of the accounting period before the accounting period during which the event occurs (or the last event occurs) which caused the Commissioners to give the notice.

Appeal against termination notice **U.K.**

69Z38.—(1) An open-ended investment company to which a termination notice is given may appeal ^{F72}....

(2) The notice of appeal must be given to HM Revenue and Customs within a period of 28 days beginning with the day on which the termination notice is given.

(3) On an appeal [^{F73}that is notified to the tribunal, the tribunal] shall determine whether it was just and reasonable for HM Revenue and Customs to give the termination notice.

(4) If [^{F74}the tribunal decides] that it was, [^{F75}the tribunal must] confirm the notice.

(5) If [^{F74}the tribunal decides] that it was not, [^{F75}the tribunal must] set aside the notice.

Textual Amendments

F72 Words in reg. 69Z38(1) omitted (1.4.2009) by virtue of The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 2 para. 158(2)**

F73 Words in reg. 69Z38(3) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 2 para. 158(3)**

F74 Words in reg. 69Z38(4)(5) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 2 para. 158(4)(a)**

F75 Words in reg. 69Z38(4)(5) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 2 para. 158(4)(b)**

Company ceasing to be authorised etc. **U.K.**

69Z39.—(1) This regulation applies if an open-ended investment company to which this Part applies—

- (a) ceases to be authorised by the Financial Services Authority,
- (b) ceases to be an open-ended investment company, or
- (c) ceases to carry on property investment business.

(2) This Part shall cease to apply to the company at the end of the date on which the company ceases to be authorised by the Financial Services Authority, to be an open-ended investment company, or to carry on property investment business (as the case may be).

Mergers **U.K.**

69Z40.—(1) This regulation applies if an open-ended investment company to which this Part applies—

- (a) is party to a merger or takeover, and
- (b) as a result, ceases to meet one or more of the conditions for this Part to apply.

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

- (2) On the occurrence of the merger or takeover—
- (a) an accounting period of the company shall end at the end of the date of the merger or takeover, and
 - (b) this Part shall cease to apply to the company at the end of that date.

Effects of cessation **U.K.**

69Z41.—(1) The business of F (tax-exempt) shall be treated for the purposes of corporation tax as ceasing immediately before cessation.

(2) Assets which immediately before cessation are involved in the business of F (tax-exempt) shall be treated for the purposes of corporation tax as being sold by F (tax-exempt) immediately before cessation and reacquired immediately after cessation by F (post-cessation).

(3) For the purposes of corporation tax, on cessation one accounting period of F (residual) shall end and an accounting period of F (post-cessation) shall begin.

(4) The sale and reacquisition deemed under paragraph (2) shall not have effect for the purposes of tax in respect of chargeable gains.

(5) For the purposes of CAA 2001, the sale and re-acquisition deemed under paragraph (2)—

- (a) shall not give rise to allowances or charges, and
- (b) shall not make it possible to make an election under section 198 or 199 of that Act (apportionment).

(6) For the purposes of CAA 2001, anything done by or to F (tax-exempt) before cessation in relation to an asset which is deemed under paragraph (2) to be sold and re-acquired shall be treated after cessation as having been done by or to F (post-cessation).]

[^{F76}PART 4B **U.K.**

TAX ELECTED FUNDS

Textual Amendments

F76 Pt. 4B inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, 24

CHAPTER 1 **U.K.**

PRELIMINARY PROVISIONS

Tax Elected Funds **U.K.**

69Z42.—(1) This Part makes provision in relation to an authorised investment fund which meets the conditions in regulations 69Z45 to 69Z48.

(2) In these Regulations an authorised investment fund to which this Part applies may be referred to as a “Tax Elected Fund”.

Structure of this Part **U.K.**

69Z43. The structure of this Part is as follows—

this Chapter contains preliminary provisions;

Chapter 2 deals with entry into and membership of the Tax Elected Funds regime;
Chapter 3 deals with the tax treatment of Tax Elected Funds;
Chapter 4 deals with distributions made by Tax Elected Funds;
Chapter 5 deals with the treatment of participants in Tax Elected Funds;
Chapter 6 deals with compliance in relation to the Tax Elected Funds regime; and
Chapter 7 contains provisions relating to an authorised investment fund's leaving the Tax Elected Funds regime.

Interpretation **U.K.**

69Z44. In this Part—

- “entry” means the time when this Part begins to apply to an authorised investment fund;
- “cessation” means the time when this Part ceases to apply to an authorised investment fund;
- “overseas property business” has the meaning given in section 206 of CTA 2009;
- “UK property business” has the meaning given in section 205 of CTA 2009.

CHAPTER 2 **U.K.**

ENTRY INTO AND MEMBERSHIP OF THE TAX ELECTED FUNDS REGIME

Conditions of membership of the Tax Elected Funds regime

Conditions for this Part to apply to fund **U.K.**

69Z45. In order for this Part to apply to an authorised investment fund in respect of an accounting period—

- (a) the following conditions (the “TEF conditions”) must be met—
 - (i) the property condition (see regulation 69Z46);
 - (ii) the genuine diversity of ownership condition (see regulation 9A);
 - (iii) the loan creditor condition (see regulation 69Z47); and
 - (iv) the scheme documentation condition (see regulation 69Z48); and
- (b) an application for this Part to apply must be accepted by HM Revenue and Customs (see regulations 69Z49 to 69Z53).

The TEF conditions

The property condition **U.K.**

69Z46. The property condition is that the authorised investment fund does not have a UK property business or an overseas property business.

The loan creditor condition **U.K.**

69Z47.—(1) The loan creditor condition is that the authorised investment fund must meet conditions A to C throughout the accounting period in the case of any loan relationship to which the fund is party as a debtor.

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

(2) Condition A is that, in the case of a debtor relationship of the fund, the person standing in the position of a creditor as respects the debt in question is not entitled to an amount by way of interest which depends to any extent on—

- (a) the results of all or part of the authorised investment fund’s business, or
- (b) the value of any of the fund’s assets.

(3) For the purposes of condition A, a loan shall not be treated as dependent on the results of the fund’s business by reason only that the terms of the loan provide—

- (a) for the interest to be reduced in the event of results improving, or
- (b) for the interest to be increased in the event of results deteriorating.

(4) Condition B is that, in the case of a debtor relationship of the fund, the person standing in the position of a creditor as respects the debt in question is not entitled to an amount by way of interest which exceeds a reasonable commercial return on the consideration lent.

(5) Condition C is that, in the case of a debtor relationship of the fund, the person standing in the position of a creditor as respects the debt in question is entitled on repayment to an amount which—

- (a) does not exceed the consideration lent, or
- (b) is reasonably comparable with the amount generally repayable (in respect of an equal amount of consideration) under the terms of issue of securities listed on a recognised stock exchange.

(6) In this regulation “loan relationship” and “debtor relationship” shall be construed in accordance with Part 5 of CTA 2009 (loan relationships).

The scheme documentation condition **U.K.**

69Z48. The scheme documentation condition is that the instrument constituting the authorised investment fund and its prospectus must include provisions which require the fund to meet the property condition and the loan creditor condition on entry and throughout the accounting period.

Application for this Part to apply

Application process **U.K.**

69Z49.—(1) An application for this Part to apply to an authorised investment fund may be made by—

- (a) the manager of an existing authorised investment fund, or
- (b) if it is proposed to establish an authorised investment fund, the person expected to become the manager of the fund once established (the “applicant”).

(2) Before making an application in relation to an existing authorised investment fund, the fund must obtain any necessary shareholder or unit holder approval and must have applied for any necessary regulatory approval in respect of the instrument constituting the fund and the prospectus.

(3) The manager or applicant must notify HM Revenue and Customs when any necessary regulatory authorisation has been given.

(4) Where in relation to an existing authorised investment fund this Part has previously applied to the fund—

- (a) no application may be made if a termination notice was issued in relation to the fund, or
- (b) if an election was made under regulation 69Z70 that this Part should cease to apply, no application can be made in relation to any accounting period which begins within six years of the cessation.

(5) In this Part—

“applicant” means the person referred to in paragraph (1)(b);

“application” means an application under this regulation;

“existing fund application” means an application made under paragraph (1)(a); and

“future fund application” means an application made under paragraph (1)(b).

Form and timing of application under regulation 69Z49 **U.K.**

69Z50.—(1) An application must be made in writing to the Commissioners.

(2) An existing fund application must be received by HM Revenue and Customs at least 28 days before the beginning of the specified accounting period (see regulation 69Z51(2)).

This is subject to paragraph (8).

(3) A future fund application must be received by HM Revenue and Customs at least 42 days before the date the fund is expected to be established and authorisation given.

This is subject to paragraph (9).

(4) Within a period of 28 days (or 14 days in the case of an application within paragraph (8) or (9)) beginning on the day on which the application is received, HM Revenue and Customs must—

- (a) notify the manager or applicant that the application is accepted, or
- (b) issue a refusal notice.

(5) An application may be withdrawn or amended at any time before it is accepted—

- (a) by the manager (in the case of an existing fund application), or
- (b) by the applicant (in the case of a future fund application).

(6) If an application is amended before it is accepted, regulation 69Z49 shall apply to the amended application.

(7) But if HM Revenue and Customs give notice that they are satisfied that the amended application is valid, the amended application shall take effect as if made on the date of the original application.

(8) An existing fund application may be received by HM Revenue and Customs at least 14 days before the beginning of the specified accounting period if—

- (a) HM Revenue and Customs have given clearance under regulation 9B, and
- (b) the manager of the authorised investment fund certifies that there have been no changes in substance between—
 - (i) the form in which the instrument constituting the fund and its prospectus were considered by HM Revenue and Customs before giving the clearance, and
 - (ii) the form in which it is proposed that those documents will apply at the beginning of the specified accounting period.

(9) A future fund application may be received by HM Revenue and Customs at least 14 days before the proposed fund is authorised and established if—

- (a) HM Revenue and Customs have given clearance under regulation 9B, and
- (b) the applicant certifies that there have been no changes in substance between—
 - (i) the form in which the instrument constituting the fund and its prospectus were considered by HM Revenue and Customs before giving the clearance, and
 - (ii) the form in which it is proposed that those documents will apply at the time when the proposed fund is authorised.

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

Contents of application under regulation 69Z49 **U.K.**

- 69Z51.**—(1) An application must include the following information.
- (2) An existing fund application must specify the accounting period from the beginning of which the application seeks to apply this Part to the fund (the “specified accounting period”).
- (3) An existing fund application must be accompanied by—
- (a) a statement by the manager of the authorised investment fund that the TEF conditions are reasonably expected to be met in respect of the fund throughout the specified accounting period;
 - (b) the following documents relating to the fund—
 - (i) the instrument constituting the fund, and
 - (ii) its prospectus;
 - (c) a statement by the manager as to whether or not this Part has previously applied to the fund and where this Part has previously applied that statement must include—
 - (i) the dates of entry and cessation, and
 - (ii) a statement by the manager that a termination notice has never been issued in respect of the fund;
 - (d) a statement by the manager that either—
 - (i) shareholder or unit holder consent to the application is not required, or
 - (ii) shareholder or unit holder consent has been given, in which case the statement must specify the date of the shareholder or unit holder resolution giving consent;
 - (e) a copy of the application to the Financial Services Authority for approval for any changes in the instrument constituting the fund and its prospectus; and
 - (f) copies of any documents accompanying the application mentioned in sub-paragraph (e) to the extent that those documents do not fall within sub-paragraphs (a) to (d).
- (4) A future fund application must specify the date it is expected the fund will be established and authorisation given and seek to apply this Part to the proposed fund from that date.
- (5) A future fund application must be accompanied by—
- (a) a statement by the applicant that the TEF conditions are reasonably expected to be met in respect of the proposed fund throughout its first accounting period;
 - (b) the following documents relating to the proposed fund—
 - (i) the proposed instrument constituting the fund, and
 - (ii) its proposed prospectus (including any supplements to the proposed prospectus);
 - (c) a copy of the application to the Financial Services Authority for authorisation of the proposed fund as an authorised investment fund; and
 - (d) copies of any documents accompanying the application mentioned in sub-paragraph (c) to the extent that those documents do not fall within sub-paragraphs (a) and (b).

Procedural matters relating to the making of applications for this Part to apply

Refusing an application: refusal notice **U.K.**

- 69Z52.**—(1) If any of conditions A to C are met HM Revenue and Customs must refuse the application and give a notice (a “refusal notice”)—

- (a) to the manager of the authorised investment fund if an existing fund application has been made, or
 - (b) to the applicant if a future fund application has been made.
- (2) Condition A is that—
- (a) the documents supplied do not demonstrate that the authorised investment fund (or the proposed authorised investment fund) will meet all the TEF conditions, or
 - (b) the statement given in accordance with regulation 69Z51(3)(a) or (5)(a) does not demonstrate that the fund (or proposed fund) can reasonably be expected to meet all the TEF conditions throughout the specified accounting period or the first accounting period.
- (3) Condition B is that the application is not accompanied by the documents and statements specified in regulation 69Z51(3) in the case of an existing fund application or regulation 69Z51(5) in the case of a future fund application.
- (4) Condition C is that any necessary shareholder, unit holder or regulatory authorisation or approval has not been given.
- (5) A refusal notice must specify the reason for refusing the application.

Appeal against refusal notice **U.K.**

- 69Z53.**—(1) A person to whom a refusal notice is given may appeal.
- (2) The notice of appeal must be given to HM Revenue and Customs within a period of 28 days beginning with the day on which the refusal notice is given.
- (3) On an appeal that is notified to the tribunal, the tribunal shall determine whether it was just and reasonable for HM Revenue and Customs to give the refusal notice.
- (4) If the tribunal allow the appeal—
- (a) they may direct that this Part shall apply to the authorised investment fund (or, as the case may be, to the proposed authorised investment fund), and
 - (b) they may specify the date from which this Part shall so apply.
- (5) The date mentioned in paragraph (4)(b)—
- (a) must not be earlier than the beginning of the specified accounting period if an existing fund application has been made, and
 - (b) must not be earlier than the date of authorisation by the Financial Services Authority if a future fund application has been made.

Consequences of entry

Effects of entry **U.K.**

69Z54. On entry a new distribution period of the authorised investment fund shall begin.

Duration **U.K.**

69Z55. Once this Part has begun to apply to an authorised investment fund it shall continue to apply unless and until it ceases to apply in accordance with Chapter 7 of this Part.

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

CHAPTER 3 U.K.

THE TAX TREATMENT OF TAX ELECTED FUNDS

Components of income U.K.

69Z56.—(1) For the purposes of corporation tax, the income arising to a Tax Elected Fund consists of—

- (a) dividend income;
- (b) property investment income, being—
 - (i) distributions of profits of C (tax-exempt) in relation to shares held in a UK-REIT, and
 - (ii) property income distributions in relation to shares held in a Property AIF;
- (c) property business income (arising on a breach of the property condition), being—
 - (i) profits of a UK property business that are not within sub-paragraph (b), and
 - (ii) income from an overseas property business; and
- (d) other income.

(2) In this regulation, “C (tax-exempt)” shall be construed in accordance with Part 4 of FA 2006.

Treatment of property investment income U.K.

69Z57.—(1) Section 7(2) of ICTA (treatment of certain payments and repayments of income tax: set off of tax) shall not apply to payments of property investment income.

(2) Property investment income arising to a Tax Elected Fund shall be treated for the purposes of the Tax Acts as a distribution that is exempt for the purposes of Part 9A of CTA 2009 (company distributions) but shall not be treated as franked investment income.

Treatment of distributions U.K.

69Z58. Section 931R of CTA 2009 (election that distribution should not be exempt) shall not apply in relation to distributions received by a Tax Elected Fund.

CHAPTER 4 U.K.

DISTRIBUTIONS MADE BY TAX ELECTED FUNDS

Attribution of distributions U.K.

69Z59.—(1) The total amount shown in the distribution accounts of a Tax Elected Fund as available for distribution to participants shall be attributed as follows.

- (2) There shall be attributed to TEF distributions (dividends)—
 - (a) dividend income,
 - (b) property investment income, and
 - (c) property business income.
- (3) Other income shall be attributed to TEF distributions (non-dividend).

TEF distributions (dividends) U.K.

69Z60.—(1) This regulation applies if—

- (a) a Tax Elected Fund makes a distribution, and

- (b) the amount distributed includes sums attributed to TEF distributions (dividends).
- (2) The Tax Acts shall have effect as if the sums were dividends on shares paid on the distribution date by the fund to the participants in proportion to their rights.
- (3) In this Part a “TEF distribution (dividend)” means a sum attributed to TEF distributions (dividends) which is distributed (including a dividend treated as paid to a participant who is not chargeable to corporation tax).
- (4) This regulation is subject to regulation 23 (treatment of de minimis amounts).

TEF distributions (non-dividend) U.K.

- 69Z61.**—(1) This regulation applies if—
- (a) a Tax Elected Fund makes a distribution, and
 - (b) the amount distributed includes sums attributed to TEF distributions (non-dividend).
- (2) The Tax Acts shall have effect as if the sums were payments of yearly interest made on the distribution date by the fund to the participants in proportion to their rights.
- (3) In these Regulations a “TEF distribution (non-dividend)” means a sum attributed to TEF distributions (non-dividend) which is distributed (including a payment made to a participant who is not chargeable to income tax).
- (4) This regulation is subject to regulation 23 (treatment of de minimis amounts).

CHAPTER 5 U.K.

THE TREATMENT OF PARTICIPANTS IN TAX ELECTED FUNDS

TEF distribution (dividend)

Participants chargeable to corporation tax U.K.

- 69Z62.**—(1) If a TEF distribution (dividend) is made for a distribution period to a participant within the charge to corporation tax, regulations 48 to 52A (dividend distributions) shall apply with the modifications specified in paragraph (2).
- (2) The specified modifications are—
- (a) for “dividend distribution” in each place it occurs there shall be substituted “TEF distribution (dividend)”;
 - (b) in regulation 50 (references to gross income) for “distribution accounts” there shall be substituted “TEF distributions (dividends) account”;
 - (c) for “an authorised investment fund” in each place it occurs there shall be substituted “a Tax Elected Fund”; and
 - (d) for “the authorised investment fund” in each place it occurs there shall be substituted “the Tax Elected Fund”.

TEF distributions (non-dividend)

Obligation to deduct tax from TEF distributions (non-dividend) U.K.

- 69Z63.**—(1) If a TEF distribution (non-dividend) is made for a distribution period to a participant within the charge to income tax, regulations 26 to 33 (deduction of tax from interest distributions: general) shall apply with the modification specified in paragraph (3).

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

(2) If a TEF distribution (non-dividend) is made for a distribution period to a participant within the charge to corporation tax, regulation 47 (the obligation to deduct tax) shall apply with the modification specified in paragraph (3).

(3) The modification specified is that for “interest distribution” in each place it occurs there shall be substituted “TEF distribution (non-dividend)”.

Modification of section 490 of CTA 2009 U.K.

69Z64. Section 490 of CTA 2009 (holdings in OEICs, unit trusts and offshore funds treated as creditor relationship rights) shall apply to a participant in a TEF as if in subsections (4) and (5) for “interest distribution” there were substituted “TEF distribution (non-dividend)”.

CHAPTER 6 U.K.

COMPLIANCE IN RELATION TO THE TAX ELECTED FUNDS REGIME

Breaches of TEF conditions

Breach of conditions: general U.K.

69Z65.—(1) This regulation applies if a Tax Elected Fund—

- (a) does not meet one of the TEF conditions, and
- (b) becomes aware that it does not meet the condition.

(2) Within 28 days of becoming aware of the breach, the fund must provide the following information to the Commissioners—

- (a) the date on which the condition first ceased to be met;
- (b) the date on which the fund became aware of the breach;
- (c) details of the condition that was breached;
- (d) the nature of the breach;
- (e) the steps the fund proposes to take to rectify the breach;
- (f) the date by which the fund proposes to rectify the breach; and
- (g) where there has been a previous breach of the TEF conditions, details of the condition that was breached on that occasion, the date of that breach and the date that breach was rectified.

(3) The date referred to in paragraph (2)(f) must be the earliest date by which the objective of complying with the relevant condition may reasonably be achieved.

(4) The Commissioners must give a termination notice to the fund if—

- (a) the steps that the fund proposes to take will not rectify the breach;
- (b) the date by which the fund proposes to rectify the breach is not the earliest date by which the objective of remedying the relevant condition may reasonably be achieved;
- (c) the fund is intentionally or negligently in breach of a condition; or
- (d) there are three breaches of the same TEF condition in a period of ten years beginning with the first day of the accounting period in which the fund becomes aware of the first of those breaches.

Breach of the property condition, genuine diversity of ownership condition or scheme documentation condition **U.K.**

69Z66.—(1) This regulation applies if a Tax Elected Fund is in breach of the property condition, genuine diversity of ownership condition or scheme documentation condition.

(2) If the fund is inadvertently in breach but rectifies the breach within a reasonable time of the fund becoming aware of the breach, this Part shall continue to apply to the fund despite the breach (but see regulations 69Z65(4)(d) and 69Z68).

(3) If the fund is inadvertently in breach but does not rectify the breach within a reasonable time of the fund first becoming aware of the breach, the Commissioners must give a termination notice to the fund.

Breach of the loan creditor condition **U.K.**

69Z67.—(1) This regulation applies if a Tax Elected Fund is in breach of the loan creditor condition.

(2) If the fund is inadvertently in breach but rectifies the breach within a period of 28 days beginning with the day on which the fund first becomes aware of the breach, this Part shall continue to apply to the fund despite the breach (but see paragraph (4) and regulations 69Z65(4)(d) and 69Z68).

(3) If the fund is inadvertently in breach but does not rectify the breach within a period of 28 days beginning with the day on which the fund first becomes aware of the breach, the Commissioners must give a termination notice to the fund.

(4) If the fund is in breach of the same condition specified in paragraphs (2) to (5) of regulation 69Z47 in two different accounting periods in a period of ten years beginning with the first day of the accounting period in which the fund becomes aware of the first of those breaches, the Commissioners must give a termination notice to the fund.

Multiple breaches of separate conditions **U.K.**

69Z68. The Commissioners must give a termination notice to a Tax Elected Fund if—

- (a) there has been a breach of at least two of the TEF conditions, and
- (b) there have been four breaches in a period of ten years beginning with the first day of the accounting period in which the first breach occurs.

Information about possible breaches of the TEF conditions

Information to be provided to officers of Revenue and Customs **U.K.**

69Z69.—(1) This regulation applies if an officer of Revenue and Customs thinks that a Tax Elected Fund—

- (a) does not meet, or may not meet, one of the TEF conditions, or
- (b) has not rectified a breach of such a condition.

(2) The officer may serve a notice (an “information notice”) on the manager of the fund requiring the manager to provide any of the information specified in regulation 69Z65(2) within a specified period.

(4) If the manager does not comply with the information notice within the specified period the Commissioners must give a termination notice.

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

(5) In this regulation the specified period is a period of 28 days beginning with the day on which the notice is served or, on an application by the manager, such longer period as the officer of Revenue and Customs thinks is reasonable.

CHAPTER 7 **U.K.**

LEAVING THE TAX ELECTED FUNDS REGIME

Termination by election: authorised investment fund **U.K.**

69Z70.—(1) This regulation applies if a Tax Elected Fund gives a notice under this regulation electing that this Part is to cease to apply to the fund at the end of a specified accounting period.

(2) This Part shall cease to apply to the fund at the end of that accounting period.

(3) A notice under paragraph (1) must—

- (a) be given in writing to the Commissioners,
- (b) be given before the end of the accounting period specified in paragraph (1), and
- (c) give the reasons for the fund leaving the TEF regime.

Termination by notice: Commissioners **U.K.**

69Z71.—(1) This regulation applies if the Commissioners give a notice in writing under this paragraph to a Tax Elected Fund (a “termination notice”).

(2) This Part shall cease to apply to the fund.

(3) The Commissioners may give a termination notice only if a provision contained in this Part provides that the Commissioners must give a termination notice.

(4) A termination notice must state the reason for it.

(5) If a termination notice is given to an authorised investment fund, this Part shall be taken to have ceased to apply to the fund at the end of the accounting period immediately preceding the accounting period in which the notice was given.

(6) But regulations 13 (treatment of interest distributions for the purpose of loan relationships), 69Z61 (TEF distributions (non-dividend)) and 69Z63 (obligation to deduct tax from TEF distributions (non-dividend)) shall apply in relation to any TEF distribution (non-dividend) made before the notice was given.

Appeal against termination notice **U.K.**

69Z72.—(1) An authorised investment fund to which a termination notice is given may appeal.

(2) The notice of appeal must be given to HM Revenue and Customs within a period of 28 days beginning with the day on which the termination notice is given.

(3) On an appeal that is notified to the tribunal, the tribunal shall determine whether it was just and reasonable for HM Revenue and Customs to give the termination notice.

(4) If they decide that it was, they must confirm the notice.

(5) If they decide that it was not, they must set aside the notice.

Mergers **U.K.**

69Z73.—(1) This regulation applies if a Tax Elected Fund—

- (a) is party to a merger or takeover, and
- (b) as a result, ceases to meet one or more of the TEF conditions.

- (2) On the occurrence of the merger or takeover—
 - (a) an accounting period of the fund shall end at the end of the date of the merger or takeover, and
 - (b) this Part shall cease to apply to the fund at the end of that date.]

PART 5 U.K.

COMPLIANCE

Information relating to distributions

Application of section 234A of ICTA U.K.

70.—(1) Section 234A of ICTA ^{M21} (information relating to distributions) applies in relation to an authorised investment fund with any necessary modifications.

(2) In the appropriate statement sent under that section to a participant within the charge to corporation tax, the legal owner of the authorised investment fund must include a statement showing the legal owner's net liability to corporation tax in respect of the gross income.

(3) In paragraph (2)—

“gross income” has the same meaning as in regulation 50, and

“net liability to corporation tax” is to be construed in accordance with regulation 49(3).

^{F77}(4) In the case of a Property AIF and a Tax Elected Fund, an appropriate statement for the purposes of section 234A of ICTA includes a written statement—

- (a) showing the details specified in paragraph (5),
 - (b) providing details to allow the participant to access an electronic means of calculating the amounts that would be shown in a written statement that would, apart from this paragraph, be provided in accordance with subsection (6) (in the case of a PAIF distribution (interest) or a TEF distribution (non-dividend)) or subsection (7) (in the case of a PAIF distribution (dividends) or a TEF distribution (dividend)) of section 234A, and
 - (c) providing the participant with an alternative method of obtaining the details of those amounts without recourse to electronic means.
- (5) The specified details are—
- (a) the gross amount of the distribution made to the participant,
 - (b) the number and class of units held by the participant in respect of which the distribution is made,
 - (c) the net amount of the distribution per unit,
 - (d) whether any tax has been deducted from the distribution,
 - (e) the date the distribution was made, and
 - (f) the percentage of the gross distribution attributable—
 - (i) in the case of a Property AIF, to PAIF distribution (interest) and to PAIF distribution (dividends), or
 - (ii) in the case of a Tax Elected Fund, to TEF distribution (dividend) and to TEF distribution (non-dividend).]

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

Textual Amendments

F77 Reg. 70(4)(5) inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **25**

Marginal Citations

M21 Section 234A was inserted by section 32(1) of the [Finance \(No. 2\) Act 1992 \(c. 48\)](#) and amended by paragraph 2(2) of Schedule 37 to the [Finance Act 1996 \(c. 8\)](#).

Interest distributions [^{F78}and TEF distributions (non-dividend)]

Textual Amendments

F78 Words in [reg. 71 cross-heading](#) inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **26**

Notification of interest distributions [^{F79}and TEF distributions (non-dividend)] made without deduction of tax **U.K.**

71.—(1) If, during a tax year, an authorised investment fund has made interest distributions [^{F80}and TEF distributions (non-dividend)] without deduction of tax, the legal owner must give notice of that fact to the Commissioners within 14 days of the end of that tax year.

(2) Notice given under paragraph (1)—

- (a) must be in writing, and
- (b) has effect for the tax year in which it is given and for subsequent tax years until the notice is withdrawn.

(3) An authorised investment fund that fails to comply with paragraph (1) is liable to a penalty not exceeding £3,000 determined in accordance with section 100 of TMA 1970 ^{M22}.

(4) Sections 100A, 100B, 102, 103(4) and 118(2) of TMA 1970 ^{M23} apply to a penalty determined in accordance with paragraph (3).

Textual Amendments

F79 Words in [reg. 71 heading](#) inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **26**

F80 Words in [reg. 71\(1\)](#) inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **27**

Marginal Citations

M22 [1970 c. 9](#). Section 100 was substituted by section 167 of the [Finance Act 1989 \(c. 26\)](#). There are amendments to section 100 but none is relevant.

M23 Sections 100A and 100B were substituted by section 167 of the [Finance Act 1989](#), and section 100B was amended by paragraph 31 of Schedule 19 to the [Finance Act 1994](#) and section 115(7) of the [Finance Act 1995 \(c. 4\)](#) and by [S.I. 1994/1813](#). Section 102 was amended by section 168(40) of the [Finance Act 1989](#). Section 118(2) was amended by Part VII of Schedule 8 to the [Finance Act 1970 \(c. 24\)](#) and by section 94 of the [Finance \(No. 2\) Act 1987 \(c. 51\)](#).

Information about interest distributions [^{F81} and TEF distributions (non-dividend)] made without deduction of tax **U.K.**

72.—(1) The Commissioners may by notice require a person specified in paragraph (2) to provide them with such information as they may reasonably require for the purpose of determining whether interest distributions [^{F82} and TEF distributions (non-dividend)] were properly made by that person without deduction of tax.

(2) The persons specified are—

- (a) an open-ended investment company;
- (b) the authorised corporate director of an open-ended investment company;
- (c) a trustee of an authorised unit trust.

(3) The information to be provided may include copies of any relevant books, documents or other records.

(4) The information must be provided within such time (not being less than 14 days) as may be specified in the notice.

Textual Amendments

F81 Words in reg. 72 heading inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **26**

F82 Words in reg. 72(1) inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **28**

Inspection of records **U.K.**

73.—(1) A person specified in regulation 72(2) must, whenever required to do so, make available for inspection by an officer of the Commissioners authorised for that purpose, at such time as that officer may reasonably require, all such copies of books, documents or other records in their possession or under their control as may be required by the Commissioners under regulation 72.

(2) Every qualifying certificate supplied to a legal owner under Chapter 2 of Part 4 (participants chargeable to income tax) must be preserved by the legal owner in such manner as may be approved by the Commissioners for two years after it has ceased to be otherwise required under the provisions of these Regulations.

Use of information **U.K.**

74.—(1) Information obtained by the Commissioners under regulation 72 or 73—

- (a) must not be used for the purpose of ascertaining the tax liability (if any) of any person other than the persons specified in paragraph (2), and
- (b) must otherwise be used only for the purposes of these Regulations.

(2) The persons specified in this paragraph are—

- (a) the open-ended investment company in question;
- (b) the trustees of the authorised unit trust in question;
- (c) a participant who is beneficially entitled to an interest distribution [^{F83} or a TEF distribution (non-dividend)] made without deduction of tax to whom the information obtained relates;
- (d) where the whole of an interest distribution [^{F83} or a TEF distribution (non-dividend)] made to or received under a trust without deduction of tax is, or falls to be treated as, or under any

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provision of the Tax Acts is deemed to be, the income of a person other than the trustees of that trust, that person in so far as the information obtained relates to him; and

- (e) where an interest distribution [^{F83}or a TEF distribution (non-dividend)] is made to or received under a trust without deduction of tax and sub-paragraph (d) does not apply, the trustees of that trust and any beneficiary of the trust to whom the information obtained relates.

(3) In paragraph (2)(e) “any beneficiary of the trust” means—

- (a) any person who is, or will or may become, entitled to any income of the trust, whether in the form of income or not, and
- (b) any person to whom any such income may be paid, or for whose benefit any such income may be applied, whether in the form of income or not, in the exercise of a discretion by the trustees of the trust.

(4) Paragraph (1) does not prevent any disclosure of information authorised under section 182(5) of the Finance Act 1989 ^{M24}.

Textual Amendments

F83 Words in [reg. 74\(2\)\(c\)\(d\)\(e\)](#) inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), [regs. 1, 29](#)

Marginal Citations

M24 [1989 c. 26](#). Section 182(5) was amended by section 18(5) of the [Child Trust Funds Act 2004 \(c. 6\)](#).

Residence declarations

Inspection of residence declarations **U.K.**

75.—(1) The legal owner of an authorised investment fund must, on being required to do so by a notice given by an officer of the Commissioners, make available for inspection by such an officer—

- (a) any residence declarations made to the authorised investment fund under Chapter 2 of Part 4 (participants chargeable to income tax), or
- (b) any specified declaration or description of declarations.

(2) If a notice has been given to the legal owner under paragraph (1), the declarations shall be made available within such time as may be specified in the notice and the person carrying out the inspection may take copies of or extracts from them.

PART 6 **U.K.**

FURTHER PROVISIONS RELATING TO AUTHORISED INVESTMENT FUNDS

CHAPTER 1 **U.K.**

GENERAL

Ownership of shares of different denominations in open-ended investment companies **U.K.**

76.—(1) This regulation applies if conditions A and B are met.

(2) Condition A is that in respect of a given class of shares specified in the instrument of incorporation of an open-ended investment company, shares issued of that class consist of both smaller denomination shares and larger denomination shares.

(3) Condition B is that a participant owns both smaller denomination shares and larger denomination shares of that class.

(4) For the purposes of the provisions relating to ownership of shares in a company contained in the Tax Acts and TCGA 1992, the shares owned by the participant are treated as securities of the same class.

(5) Each larger denomination share is to be treated for those purposes as if it were comprised of the relevant number of smaller denomination shares.

(6) The market value of each smaller denomination share is to be taken for those purposes to be the relevant proportion of the market value of each larger denomination share.

(7) In this regulation—

“smaller denomination shares” means shares to which are attached rights specified in the company's instrument of incorporation that are expressed in the smaller of two denominations;

“larger denomination shares” means shares to which are attached rights so specified that are expressed in the larger of two denominations;

“relevant number” means the number calculated by reference to the relevant proportion; and

“relevant proportion” means the proportion, determined by the company's instrument of incorporation, which the rights attaching to each smaller denomination share bear to the rights attaching to each larger denomination share.

Non-discrimination in respect of different classes of shares **U.K.**

77.—(1) This regulation applies if the distribution accounts show an amount as available for distribution to participants.

(2) There must not be any discrimination between participants in respect of different classes of shares.

(3) There is no such discrimination if condition A and either condition B or C is met.

(4) Condition A is that the differences are wholly attributable to differences between the amounts or treatment for accounting purposes of the charges or expenses which—

(a) are permitted by the instrument of incorporation of the open-ended investment company concerned or the prospectus in issue for the time being of that company (including any supplements to that prospectus) or by the trust deed under which the authorised unit trust is constituted, and

(b) are payable out of the scheme property of that authorised investment fund in respect of the shares of those classes.

(5) Condition B is that the authorised investment fund is able to show that the differences between the amounts or treatment for accounting purposes of the charges or expenses referred to in condition A apply for bona fide commercial reasons.

(6) Condition C is that the differences are not such as to enable the participants in any one of those classes to obtain a tax advantage which they would not obtain if there were no differences between the amounts or treatment for accounting purposes of those charges or expenses.

(7) In paragraph (6) “tax advantage” has the same meaning as in Chapter 1 of Part 17 of ICTA (cancellation of tax advantages from transactions in securities).

CHAPTER 2 U.K.**AMALGAMATION OF AN AUTHORISED UNIT TRUST WITH, AND CONVERSION OF AN AUTHORISED UNIT TRUST TO, AN OPEN-ENDED INVESTMENT COMPANY****Circumstances in which this Chapter applies U.K.**

78.—(1) This Chapter applies if, in connection with a scheme of reorganisation, conditions A to E are met.

(2) Condition A is that the whole of the scheme property of an authorised unit trust that is available for transfer is transferred on a given date under an arrangement to an open-ended investment company.

(3) Condition B is that the consideration under the arrangement consists of or includes the issue, on the transfer date, of shares in the acquiring company to the holders of units in the target trust in exchange for those units.

(4) Condition C is that the consideration shares are issued to the holders of units in proportion to their holdings of the exchanged units.

(5) Condition D is that the consideration under the arrangement does not include anything else in addition to the issue of the consideration shares, other than (where applicable) the assumption or discharge by the acquiring company of liabilities of the trustees of the target trust.

(6) Condition E is that under the arrangement all the units in the target trust are extinguished.

(7) In this Chapter—

the “target trust” means the authorised unit trust mentioned in paragraph (2);

the “transfer date” means the given date mentioned in paragraph (2);

the “acquiring company” means the open-ended investment company mentioned in paragraph (2); and

“the whole of the scheme property of an authorised unit trust that is available for transfer” means the whole of the property subject to the trusts of the target trust, other than any property which is retained for the purpose of discharging liabilities of the trustees of the target trust;

the “consideration shares” means the shares in the acquiring company mentioned in paragraph (4); and

the “exchanged units” means the units in the target trust mentioned in paragraph (4).

Ending of accounting period of the target trust U.K.

79.—(1) An accounting period of the target trust (the “pre-transfer accounting period”) ends immediately before the transfer date; and, for the purposes of the Corporation Tax Acts, the whole of the scheme property of the target trust that is available for transfer is treated as having been transferred immediately after the end of that accounting period.

(2) This regulation applies despite anything in section 12(1) to (7) of ICTA (periods of assessment for corporation tax).

Carrying forward of excess management expenses U.K.

80.—(1) This regulation applies if condition A or B is met.

(2) Condition A is that, in respect of the pre-transfer accounting period of the target trust, the trustees are entitled, under section 75(9) of ICTA ^{M25} (carry forward of management expenses and sums treated as management expenses), to carry forward an excess amount to the next accounting period of the trust.

(3) Condition B is that—

- (a) the pre-transfer accounting period is the final accounting period of the target trust, and
- (b) the trustees are entitled, under section 75(9) of ICTA, to carry forward an excess amount to what would have been the next accounting period of the trust were the trust to have an accounting period beginning on the transfer date.

(4) With effect from the transfer date, the entitlement is translated into a right in the acquiring company to treat the amount as if it had been carried forward under section 75(9) of ICTA to the first of its accounting periods to end on or after the transfer date.

Marginal Citations

M25 Section 75 was substituted by section 38(1) of the [Finance Act 2004 \(c. 12\)](#).

Distributions by authorised unit trust after the end of its pre-transfer accounting period **U.K.**

81.—(1) This regulation applies if, in respect of any post-transfer distribution date of the target trust, there is an amount which falls to be treated, in accordance with regulation [^{F84}22] (dividend distributions: general), as dividends on shares paid on that distribution date by the target trust to its participants in proportion to their rights.

(2) The amount shall instead be treated as dividends on shares paid on that date by the acquiring company to those persons in proportion to their rights.

(3) In this regulation “post-transfer distribution date” of a target trust means a distribution date of that trust which—

- (a) occurs on or after the transfer date, and
- (b) is the distribution date for a distribution period of the trust ending before the transfer date.

Textual Amendments

F84 Word in reg. 81(1) substituted (6.4.2007) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 2\) Regulations 2007 \(S.I. 2007/794\)](#), regs. 1(1), 4

Continuing validity of residence declarations **U.K.**

82.—(1) This regulation applies if—

- (a) before the transfer date, a unit holder has made a residence declaration to the trustees of the target trust, and
- (b) immediately before the transfer date, the trustees of the target trust treated the residence declaration as valid.

(2) The acquiring company may treat the residence declaration as valid.

Powers of the acquiring company **U.K.**

83.—(1) On and after the transfer date, the acquiring company has the powers set out in paragraphs (2) and (3).

(2) The acquiring company may continue anything which—

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

- (a) immediately before the transfer date was in the process of being done by the trustees of the target trust for the purposes of tax in relation to accounting periods of the target trust ending before that date, and
 - (b) is not continued by those trustees on or after the transfer date.
- (3) The acquiring company may do anything which—
- (a) immediately before the transfer date was not in the process of being done by the trustees of the target trust for the purposes of tax in relation to accounting periods of the target trust ending before that date and is not done by them for those purposes, and
 - (b) might reasonably have been expected to be done by those trustees for those purposes had the scheme of reorganisation not taken place.

Assessments made on discovery U.K.

84. The provisions of this Chapter do not affect any enactment in the Tax Acts which provides for assessments to be made where an officer of the Commissioners discovers that a set-off, matching, repayment of tax, or payment of tax credit or provision for relief in any other form ought not to have been made, given or otherwise allowed, or is or has become excessive.

Prevention of double relief U.K.

85. For the purposes of the Tax Acts, nothing in this Chapter has the effect of enabling—

- (a) any set-off or matching of an amount to be made,
- (b) any repayment of an amount of tax or payment of an amount of tax credit to be made, or
- (c) any other relief to be given,

more than once in respect of the same amount or relief.

PART 7 U.K.

CONSEQUENTIAL AMENDMENTS AND MODIFICATIONS OF ENACTMENTS

CHAPTER 1 U.K.

AMENDMENTS OF REFERENCES TO REPEALED ENACTMENTS

Introduction U.K.

86. Regulations 87 to 92—

- (a) amend references in enactments to provisions repealed by section 17(1) of the Finance (No. 2) Act 2005, and
- (b) make incidental, consequential and supplemental provision.

Amendments of TMA 1970 U.K.

87.—(1) TMA 1970 ^{M26} is amended as follows.

(2) In section 98 (penalties in relation to special returns)—

- (a) in subsection (4E) ^{M27} for “Chapter 3 of Part 12 of the principal Act” substitute “ regulations made under section 17(3) of the Finance (No. 2) Act 2005 (as at 1st April 2006, see the Authorised Investment Funds (Tax) Regulations 2006 (S.I. 2006/[abcd]) ”.

- (b) in the first column of the Table—
- (i) omit the entry relating to section 468P(6) of ICTA,
 - (ii) omit the entry relating to regulations under section 468PB(3) of ICTA ^{M28}, and
 - (iii) at the end insert—
“regulations under section 17(3) of the Finance (No. 2) Act 2005”.

Marginal Citations

M26 1970 c. 9.

M27 Section 98(4E) was inserted by section 203(12) of the [Finance Act 2003 \(c. 14\)](#).

M28 The entries relating to section 468P(6) and to regulations under section 468PB(3) were inserted by section 203(13) of the Finance Act 2003.

Amendment of ICTA **U.K.**

88.—(1) ICTA is amended as follows.

(2) In section 468(1) ^{M29} (authorised unit trusts) for “section 468L” substitute “ regulations made under section 17(3) of the Finance (No. 2) Act 2005 (as at 1st April 2006, see regulation 18(3) of the Authorised Investment Funds (Tax) Regulations 2006 (S.I. 2006/[abcd])) ”.

Marginal Citations

M29 Section 468(1) was amended by paragraph 3(2) of Schedule 14 to the [Finance Act 1994 \(c. 9\)](#).

Amendment of TCGA 1992 **U.K.**

89.—(1) TCGA 1992 is amended as follows.

(2) In section 99B(3) ^{M30} (calculation of the disposal cost of accumulation units) for “section 468H of ICTA” substitute “ regulations made under section 17(3) of the Finance (No. 2) Act 2005 (as at 1st April 2006, see regulation 15 of the Authorised Investment Funds (Tax) Regulations 2006 (S.I. 2006/[abcd])) ”.

Marginal Citations

M30 Section 99B was inserted by section 21 of the [Finance \(No. 2\) Act 2005 \(c. 22\)](#).

Amendment of FA 1996 **U.K.**

90.—(1) FA 1996 ^{M31} is amended as follows.

(2) In paragraph 4(4) of Schedule 10 ^{M32} (loan relationships: company holdings in unit trusts and offshore funds) for “section 468L(3) of the Taxes Act 1988” substitute “ regulations made under section 17(3) of the Finance (No. 2) Act 2005 (as at 1st April 2006, see regulation 18(3) of the Authorised Investment Funds (Tax) Regulations 2006 (S.I. 2006/[abcd])) ”.

Marginal Citations

M31 1996 c. 8.

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

M32 Paragraph 4(4) of Schedule 10 was amended by paragraph 41(3) of Schedule 10 to the [Finance Act 2004 \(c. 12\)](#).

Amendments of ITTOIA 2005 **U.K.**

91.—(1) ITTOIA 2005 is amended as follows.

(2) In section 373(2) (open-ended investment company interest distributions) for “subsections (6) and (7)” substitute “subsection (7)”.

(3) In section 376(2) (authorised unit trust interest distributions) for “subsections (6) and (7)” substitute “subsection (7)”.

Amendment of the Finance Act 2005 **U.K.**

92.—(1) The Finance Act 2005 ^{M33} is amended as follows.

(2) In Schedule 2 (alternative finance arrangements: further provisions), omit paragraph 4.

Marginal Citations

M33 2005 c. 7.

CHAPTER 2 **U.K.**

MODIFICATIONS OF THE TAX ACTS

Introduction **U.K.**

93. In their application in relation to—

- (a) authorised investment funds,
- (b) shareholders or unit holders in authorised investment funds, and
- (c) transactions involving authorised investment funds,

the Tax Acts have effect with the modifications specified in regulations 94 to 96.

[^{F85} Modifications of TMA 1970 **U.K.**

93A.—(1) TMA 1970 is modified as follows.

(2) In section 98(4E) (special returns etc.)—

- (a) in paragraph (a) for “trustees of an authorised unit trust” substitute “legal owner of an authorised investment fund”;
- (b) in paragraph (b)—
 - (i) for “trustees” substitute “legal owner”, and
 - (ii) for “do not comply” substitute “does not comply”; and
- (c) in paragraph (d) for “trustees” substitute “legal owner”.]

Textual Amendments

F85 Reg. 93A inserted (6.4.2007) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 2\) Regulations 2007 \(S.I. 2007/794\)](#), regs. 1(1), 5

Modifications of ICTA **U.K.**

94.—(1) ICTA is modified as follows.

(2) In section 402 (surrender of relief between members of groups and consortia) after subsection (3) the following subsection is treated as inserted—

“(3AA) For the purposes of this Chapter—

- (a) an open-ended investment company cannot be either the surrendering company or the claimant company, and
- (b) an authorised unit trust shall not be regarded as a company.”

(3) In section 413 (interpretation of Chapter 4), in subsection (2), the following definitions are treated as inserted at the appropriate places—

““authorised unit trust” has the meaning given by section 468(6);

“open-ended investment company” has the meaning given by section 468A(2);”

(4) In section 413 after subsection (3) the following subsection is treated as inserted—

“(3A) For the purposes of paragraph (a) of subsection (3) above an open-ended investment company cannot be the third company mentioned in that paragraph.”

[^{F86}(4A) After paragraph (b) of section 432A(1ZA) of ICTA (apportionment of income and gains), there is treated as inserted—

“(ba) income from property income distributions to which regulation 69Z15 of the Authorised Investment Funds (Tax) Regulations 2006 apply (property income distributions by an open-ended investment company.”]

(5) In section 832 (interpretation of the Tax Acts) after subsection (2) [^{F87}the following subsection is treated as inserted] —

“(2A) The definition of “ordinary share capital” does not include the issued share capital of an open-ended investment company.”

(6) In section 834 (interpretation of the Corporation Tax Acts), in subsection (3), the words “except in so far as regulations made under section 17(3) of the Finance (No. 2) Act 2005 make other provision for dividends treated as paid by virtue of those Regulations ” are treated as substituted for the words from “except in so far as” to the end.

(7) In Schedule 20 (charities: qualifying investments and loans) after paragraph 6 the following paragraph is treated as inserted—

“6A. Shares in an open-ended investment company.”

Textual Amendments

F86 Reg. 94(4A) inserted (with effect in accordance with reg. 1(2)(4) of the amending S.I.) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), 28

F87 Words in reg. 94(5) substituted (6.4.2007) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 2\) Regulations 2007 \(S.I. 2007/794\)](#), regs. 1(1), 6

Modifications of FA 1996 **U.K.**

[^{F88}95.—(1) FA 1996 is modified as follows.

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

[^{F89}(1A) In section 297 (trading credits and debits to be brought into account under Part 3) after subsection (1) the following subsections are treated as inserted—

“(1A) For the purposes of subsection (1) a “diversely owned AIF is treated as being party to all of its loan relationships other than for the purposes of a trade carried on by it.

(1B) In subsection (1A) “diversely owned AIF” has the meaning given by regulation 14E of the Authorised Investment Funds (Tax) Regulations 2006.”.

(1B) In section 573 (trading debits and credits to be brought into account under Part 3) after subsection (1) the following subsections are treated as inserted—

“(1A) For the purposes of subsection (1) a diversely owned AIF is treated as being party to all of its derivative contracts other than for the purposes of a trade carried on by it.

(1B) In subsection (1A) “diversely owned AIF” has the meaning given by regulation 14E of the Authorised Investment Funds (Tax) Regulations 2006.”.]

(2) In paragraph 4 of Schedule 10 (loan relationships: collective investment schemes: company holdings in unit trusts and offshore funds)—

(a) in sub-paragraph (1)(a) the words “, open-ended investment company” are treated as inserted after the words “unit trust scheme”,

(b) in sub-paragraph (1)(b) the word “, company” is treated as inserted after the word “scheme”,

(c) in sub-paragraph (4) the words “or open-ended investment company” are treated as inserted after the words “authorised unit trust”,

(d) in sub-paragraph (5) the words “scheme, fund or open-ended investment company” are treated as substituted for the words “scheme or fund”, and

(e) the following sub-paragraph is treated as inserted at the end—

“(7) In this paragraph “open-ended investment company” has the same meaning as in sub-paragraph (7A)(b) of paragraph 8 below; and sub-paragraphs (7A) to (7D) of that paragraph apply for the purposes of this paragraph as they apply for the purposes of paragraph 8.”.

(3) In paragraph 8 of Schedule 10 (loan relationships: collective investment schemes: non-qualifying investments test)—

(a) in sub-paragraph (1)—

(i) the words “, open-ended investment company” are treated as inserted after the words “unit trust scheme”, and

(ii) the word “, company” is treated as inserted after the words “investments of the scheme”;

(b) in sub-paragraph (2)—

(i) the words “, open-ended investment company” are treated as inserted after the words “unit trust scheme”, and

(ii) the word “, company” is treated as inserted after the words “investments of the scheme”.]

Textual Amendments

F88 Reg. 95 substituted (30.6.2008) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 2\) Regulations 2008 \(S.I. 2008/1463\)](#), regs. 1, 2

F89 Reg. 95(1A)(1B) inserted (1.9.2009) by The Authorised Investment Funds (Tax) (Amendment) Regulations 2009 (S.I. 2009/2036), regs. 1, 30

Modifications of ITTOIA 2005 **U.K.**

96.—(1) ITTOIA 2005 is modified as follows.

[^{F90}(1A) In the application of the provisions specified in paragraph (1B) in relation to a Property AIF and a Tax Elected Fund—

- (a) for “the total” substitute “an”, and
- (b) the amount available for distribution as PAIF distribution (interest) or TEF distribution (non-dividend), as the case may be, shall be treated as the amount available for distribution as yearly interest.

(1B) The specified provisions are—

- (a) section 373(1) (open-ended investment company interest distributions), and
- (b) section 376(1) (authorised unit trust interest distributions).]

(2) The words “, except in so far as regulations made under section 17(3) of the Finance (No. 2) Act 2005 make other provision for dividends treated as paid by virtue of those regulations ” are treated as inserted at the end of each of the provisions specified in paragraph (3).

(3) The provisions specified are—

- (a) section 374(1) (date when open-ended investment company interest distributions made),
- (b) section [^{F91}377(1)] (date when authorised unit trust interest distributions made),
- (c) section 387(1) (date when open-ended investment company dividend distributions made), and
- (d) section 390(1) (date when authorised unit trust dividend distributions made).

(4) In sections 375(1) (interpretation of sections 373 and 374) and 388(1) (interpretation of sections 386 and 387) the definition of “the OEIC Regulations” is treated as omitted.

(5) In those provisions, the following definitions are treated as substituted for the definitions of “open-ended investment company”, “owner of shares” and “umbrella company”—

““open-ended investment company” means a company incorporated in the United Kingdom to which section 236 of FISMA 2000 applies,

“owner of shares”, in relation to an open-ended investment company, has the meaning given in regulations made under section 17(3) of the Finance (No. 2) Act 2005, and

“umbrella company” has the meaning given by section 468A ^{M34} of ICTA.”.

(6) In sections 375(3) and 388(3) the words “ regulations under section 17(3) of the Finance (No. 2) Act 2005 (as at 1st April 2006, see regulation 6(2) of the Authorised Investment Funds (Tax) Regulations 2006 (S.I. 2006/[abcd])) ” are treated as substituted for the words from “Chapter 3 of Part 12 of ICTA” to the end.

Textual Amendments

F90 Reg. 96(1A)(1B) inserted (1.9.2009) by The Authorised Investment Funds (Tax) (Amendment) Regulations 2009 (S.I. 2009/2036), regs. 1, 31(2)

F91 Word in reg. 96(3)(b) substituted (1.9.2009) by The Authorised Investment Funds (Tax) (Amendment) Regulations 2009 (S.I. 2009/2036), regs. 1, 31(3)

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

Marginal Citations

M34 Section 468A was inserted by section 16 of the [Finance \(No. 2\) Act 2005 \(c. 22\)](#).

CHAPTER 3 **U.K.**

MODIFICATIONS OF TCGA 1992

Preliminary

Introduction **U.K.**

97. In its application in relation to—

- (a) authorised investment funds,
- (b) shareholders or unit holders in authorised investment funds, and
- (c) transactions involving authorised investment funds

TCGA 1992 has effect with the modifications specified in regulations 98 to 110.

General

Application of TCGA 1992: general **U.K.**

98.—(1) TCGA 1992 has effect in relation to—

- (a) open-ended investment companies,
- (b) holdings in, and the assets of, such companies, and
- (c) transactions involving such companies,

in like manner as the manner in which it has effect in relation to authorised unit trusts, to rights under, and the assets subject to, such trusts and to transactions for purposes connected with such trusts.

(2) References in TCGA 1992 to companies, to holdings in, and the assets of, companies and to transactions involving companies accordingly have effect (or do not have effect as the case may be) in relation to open-ended investment companies, to holdings in, and the assets of, such companies, and to transactions involving such companies, in like manner as the manner in which they have effect (or do not have effect) in relation to authorised unit trusts, to rights under, and the assets subject to, such trusts, and to transactions for purposes connected with such trusts.

(3) This regulation has effect subject to the other modifications contained in this Chapter.

General modifications of TCGA 1992

General modifications: introduction **U.K.**

99. The modifications specified in regulations 100 to 104 have effect subject to the modifications specified in regulations 105 to 110.

General modification: authorised unit trust **U.K.**

100.—(1) The modifications specified in this regulation are that references, however expressed, in TCGA 1992 to—

- (a) an authorised unit trust (other than references in a definition of an authorised unit trust, an unauthorised unit trust or a unit trust scheme),

- (b) a unit trust scheme as denoting or including (whether expressly or by implication) an authorised unit trust (other than references in a definition of an authorised unit trust, an unauthorised unit trust or a unit trust scheme),
- (c) the trustees of an authorised unit trust within sub-paragraph (a) or of a unit trust scheme within sub-paragraph (b),

have effect as if they included references to an open-ended investment company.

- (2) Paragraph (1) does not apply—
 - (a) to references in any of the provisions specified in paragraph (3), or
 - (b) to references to provisions which include reference, whether made expressly or by implication, to an open-ended investment company.
- (3) The provisions specified are—
 - (a) section 99(1) (application of Act to unit trust scheme),
 - (b) section 99A (authorised unit trusts: treatment of umbrella schemes),
 - (c) section 100(2) (exemption for units in unit trust scheme), and
 - (d) section 272(5) (valuation of rights of unit holders).

General modification: manager of authorised unit trust U.K.

101.—(1) The modifications specified in this regulation are that references, however expressed, in TCGA 1992 to the manager of an authorised unit trust or of a unit trust scheme within regulation 100(1)(b) have effect as if they included references to the authorised corporate director of the open-ended investment company concerned.

- (2) Paragraph (1) does not apply—
 - (a) to section 272(5) (valuation of rights of unit holders), or
 - (b) to references in provisions which include reference, whether made expressly or by implication, to the authorised corporate director of an open-ended investment company.

General modification: unit in authorised unit trust U.K.

102.—(1) The modifications specified in this regulation are that references, however expressed, in TCGA 1992 to—

- (a) a unit or an interest in, or rights under, an authorised unit trust,
- (b) a unit or an interest in, or rights under, a unit trust scheme within regulation 100(1)(b), or
- (c) an entitlement to a share of, or in, the investments subject to the trusts of an authorised unit trust or a unit trust scheme within regulation 100(1)(b),

have effect as if they included references to a share in the open-ended investment company concerned.

- (2) Paragraph (1) does not apply—
 - (a) to section 99(1) (application of Act to unit trust scheme),
 - (b) to section 99A (authorised unit trusts: treatment of umbrella schemes),
 - (c) to section 272(5) (valuation of rights of unit holders), or
 - (d) to references in provisions which include reference, whether made expressly or by implication, to shares in, or an owner of shares in, an open-ended investment company.

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

General modification: accumulation units in authorised unit trusts **U.K.**

103.—(1) The modifications specified in this regulation are that references, however expressed, in TCGA 1992 to accumulation units in an authorised unit trust or in a unit trust scheme within regulation 100(1)(b) have effect as if they included references to accumulation shares in an open-ended investment company.

(2) In paragraph (1) “accumulation shares in an open-ended investment company” means shares in the company in respect of which income is credited periodically to the capital part of the scheme property of the company.

General modification: holder of unit in authorised unit trust **U.K.**

104.—(1) The modifications specified in this regulation are that references, however expressed, in TCGA 1992 to the holder of a unit within regulation 102(1) (other than references in a definition of a unit holder) have effect as if they included references to the owner of a share in the open-ended investment company concerned.

(2) Paragraph (1) does not apply—

- (a) to section 99(1) (application of Act to unit trust scheme),
- (b) to section 99A (authorised unit trusts: treatment of umbrella schemes),
- (c) to section 272(5) (valuation of rights of unit holders), or
- (d) to references in provisions which include reference, whether made expressly or by implication, to shares in, or an owner of shares in, an open-ended investment company.

Specific modifications of TCGA 1992

Modification of section 99 of TCGA 1992 **U.K.**

105. In section 99 of TCGA 1992 (application of Act to unit trust schemes)^{M35}, in subsection (2), the words “sections 99A and 99AA” are treated as substituted for “section 99A”.

Marginal Citations

M35 Section 99 was relevantly amended by section 118(2) of the [Finance Act 2004 \(c. 12\)](#).

Insertion of section 99AA of TCGA 1992 **U.K.**

106. After section 99A of TCGA 1992^{M36} the following section is treated as inserted—

“99AA Open-ended investment companies: treatment of umbrella companies

(1) In this section an “umbrella company” has the meaning given by section 468A(4) of the Taxes Act^{M37}, and a reference to a part of an umbrella company is to be construed in accordance with that provision.

(2) For the purposes of this Act (except subsection (1))—

- (a) each of the parts of an umbrella company shall be regarded as an open-ended investment company, and
- (b) the umbrella company as a whole shall not be so regarded (and shall not, unless express provision is made otherwise, be regarded as a company).

(3) In this Act, in relation to a part of an umbrella company, any reference, however expressed, to an owner of shares in an open-ended investment company is to a person for the time being having rights in the separate pool to which the part of the umbrella company relates.

(4) Nothing in subsection (2) or (3) shall prevent—

- (a) gains accruing to an umbrella company being regarded as gains accruing to an open-ended investment company for the purposes of section 100(1) (exemption for authorised unit trusts etc);
- (b) a transfer of business to an umbrella company being regarded as a transfer to an open-ended investment company for the purposes of section 139(4) (exclusion of transfers to authorised unit trusts etc)."

Marginal Citations

M36 Section 99A was inserted by section 118(3) of the Finance Act 2004.

M37 Section 468A was inserted by section 16 of the [Finance \(No. 2\) Act 2005 \(c. 22\)](#).

Modification of section 170 of TCGA 1992 **U.K.**

107. In section 170 of TCGA 1992 (groups of companies: interpretation), after subsection (4), the following subsection is treated as inserted—

“(4A) An open-ended investment company cannot be the principal company of a group.”.

Modifications of section 272 of TCGA 1992 **U.K.**

108.—(1) Section 272 of TCGA 1992 (valuation: general) is modified as follows.

(2) In subsection (3)(a) the words “ where a single price is shown in the quotations for the shares or securities in The Stock Exchange Daily Official List on the relevant date, that price, or ” are treated as inserted after “2 figures, or”.

(3) After subsection (5) the following subsection is treated as inserted—

“(5AA) In this Act “market value” in relation to shares of a given class in an open-ended investment company the prices of which are published regularly by the authorised corporate director of that company (whether or not those shares are also quoted in The Stock Exchange Daily Official List) shall mean an amount equal to the price so published on the relevant date, or if no price was published on that date, on the latest date before that date.”.

Modifications of section 288 of TCGA 1992 **U.K.**

109.—(1) Section 288 of TCGA 1992 (interpretation) ^{M38} is modified as follows.

(2) In subsection (1)—

- (a) in the definition of “collective investment scheme”, the words “ sections 99A and 99AA ” are treated as substituted for “section 99A”, and
- (b) the following definitions are treated as inserted at the appropriate places in alphabetical order—

““authorised corporate director” has the meaning given in regulations made under section 17(3) of the Finance (No. 2) Act 2005 (as at 1st April 2006, see regulation 8 of the Authorised Investment Funds (Tax) Regulations 2006 (S.I. 2006/[abcd]));”

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Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

““open-ended investment company” has the meaning given in regulations made under section 17(3) of the Finance (No. 2) Act 2005 (as at 1st April 2006, see regulation 4 of the Authorised Investment Funds (Tax) Regulations 2006 (S.I. 2006/[abcd]));”

““owner of shares” has the meaning given in regulations made under section 17(3) of the Finance (No. 2) Act 2005 (as at 1st April 2006, see regulation 8 of the Authorised Investment Funds (Tax) Regulations 2006 (S.I. 2006/[abcd]));”.

Marginal Citations

M38 Section 288 was relevantly amended by section 118(4) of the Finance Act 2004.

Modification of Schedule A1 to TCGA 1992 **U.K.**

110. In Schedule A1 to TCGA 1992 (application of taper relief), in paragraph 16(2) (special rules for postponed gains) ^{M39}, at the end of paragraph (f) the word “ , or ” is treated as added and the following paragraph is then also treated as added—

“(g) regulations 67(4) and 68(4) of the Authorised Investment Funds (Tax) Regulations 2006.”.

Marginal Citations

M39 Schedule A1 was inserted by Schedule 20 to the [Finance Act 1998 \(c. 36\)](#).

PART 8 **U.K.**

FINAL PROVISIONS

Instruments revoked **U.K.**

111. The following statutory instruments are revoked—

The Open-ended Investment Companies (Tax) Regulations 1997 ^{M40};

The Open-ended Investment Companies (Tax) (Amendment) Regulations 1997 ^{M41};

The Open-ended Investment Companies (Tax) (Amendment) Regulations 2002 ^{M42};

The Open-ended Investment Companies (Tax) (Amendment) Regulations 2003 ^{M43}.

Marginal Citations

M40 [S.I. 1997/1154](#).

M41 [S.I. 1997/1715](#).

M42 [S.I. 2002/1973](#).

M43 [S.I. 2003/1831](#).

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The
Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

Gillian Merron
Joan Ryan
Two of the Lords Commissioners of Her
Majesty's Treasury

Status: Point in time view as at 01/09/2009.

Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

SCHEDULE **U.K.**

Abbreviations and Defined Expressions

PART 1 **U.K.**

Abbreviations of Acts

TMA 1970	The Taxes Management Act 1970 (c. 9).
ICTA	The Income and Corporation Taxes Act 1988 (c. 1)
TCGA 1992	The Taxation of Chargeable Gains Act 1992 (c. 12)
[^{F92} FA 1993	The Finance Act 1993 (c. 34)]
[^{F92} FA 1994	The Finance Act 1994 (c. 9)]
FA 1996	The Finance Act 1996 (c. 8)
FISMA 2000	The Financial Services and Markets Act 2000 (c. 8)
FA 2002	The Finance Act 2002 (c. 23).
ITEPA 2003	The Income Tax (Earnings and Pensions) Act 2003 (c. 1)
ITTOIA 2005	The Income Tax (Trading and Other Income) Act 2005 (c. 5)
[^{F92} FA 2006	The Finance Act 2006 (c. 25)]
[^{F92} ITA 2007	The Income Tax Act 2007 (c. 3)]
[^{F93} CTA 2009	The Corporation Tax Act 2009 (c. 4)]

Textual Amendments

F92 Words in Sch. Pt. 1 inserted (6.4.2008) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2008 \(S.I. 2008/705\)](#), regs. 1, [6](#)

F93 Words in Sch. Pt. 1 inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, [32\(2\)](#)

PART 2 **U.K.**

Index of expressions defined or otherwise explained in these Regulations

Accumulation unit	Regulation 6(5)
Acquiring company (in Chapter 2 of Part 6)	Regulation 78(7)
Alternative finance arrangements (in Part 3)	Regulation 21(11)

[^{F94} Applicant (in Part 4A)	Regulation 69O(6)]
[^{F95} Applicant (in Part 4B)	Regulation 69Z49(5)]
[^{F95} Application (in Part 4B)	Regulation 69Z49(5)]
Authorised (in relation to unit trust schemes)	Regulation 5(2)
Authorised corporate director	Regulation 8
Authorised investment funds	Regulation 3
[^{F94} Balance of business conditions (in Part 4A)	Regulation 69N]
[^{F94} Body corporate (in Part 4A)	Regulation 69L(6)]
Capital profits, gains or losses (in Part 2)	Regulation 12
[^{F94} Cessation (in Part 4A)	Regulation 69C(2)]
[^{F95} Cessation (in Part 4B)	Regulation 69Z44]
F96	F96
...	...
Collective investment scheme	Regulation 8
Commissioners	Regulation 8
Consideration shares (in Chapter 2 of Part 6)	Regulation 78(7)
Contract for differences (in Part 3)	Regulation 21(9)
[^{F94} Corporate ownership condition (in Part 4A)	Regulation 69K]
Creditor relationship	Regulation 8
Deduction obligation (in Part 4)	Regulation 26(3)
Derivative contract	Regulation 8
F97	F97
...	...
F98	F98
...	...
Distribution	Regulation 15(1)
Distribution accounts	Regulation 15(3)
Distribution date	Regulation 15(4)
[^{F95} Distribution income (in Part 4B)	Regulation 69Z56(1)(a)]
Distribution period	Regulation 15(2)
[^{F95} Diversely owned AIF	Regulation 14E(2)]
Dividend distribution	Regulation 22(3)
F99	F99
...	...
[^{F94} Entry (in Part 4A)	Regulation 69C(1)]

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Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

[^{F95} Entry (in Part 4B)	Regulation 69Z44]
[^{F94} Excessive holding (in Part 4A)	Regulation 69Z13(3)]
Exchanged units (in Chapter 2 of Part 6)	Regulation 78(7)
[^{F94} Existing company notice (in Part 4A)	Regulation 69O(6)]
[^{F95} Existing fund application (in Part 4B)	Regulation 69Z49(5)]
F100	F100
...	...
[^{F95} Fund documents	Regulation 9A(10)]
[^{F94} Future company notice (in Part 4A)	Regulation 69O(6)]
[^{F95} Future fund application (in Part 4B)	Regulation 69Z49(5)]
[^{F94} F (post-cessation) (in Part 4A)	Regulation 69C(3)(d)]
[^{F94} F (pre-entry) (in Part 4A)	Regulation 69C(3)(a)]
[^{F94} F (residual) (in Part 4A)	Regulation 69C(3)(c)]
[^{F94} F (tax-exempt) (in Part 4A)	Regulation 69C(3)(b)]
[^{F94} Genuine diversity of ownership condition	Regulation [^{F102} 9A]]
F101	
...	
[^{F94} Holder of excessive rights (in Part 4A)	Regulation 69Z13]
[^{F95} Information notice (in Part 4B)	Regulation 69Z67(2)]
[^{F95} Instrument constituting the fund	Regulation 6(7)]
[^{F103} instrument constituting the scheme	regulation [^{F104} 6(7)]]
Interest distribution	Regulation 18(3)
[^{F95} Investment transaction	Regulation 14E(5)]
Investments	Regulation 8
F105	F105
...	...
Legal owner	Regulation 6(1)
[^{F94} Loan creditor condition (in Part 4A)	Regulation 69M]
[^{F95} Loan creditor condition (in Part 4B)	Regulation 69Z47]
Manager	Regulation 6(3)
F106	F106
...	...
F107	F107
...	...
Net asset value	Regulation 8

[^{F94} Net income (in Part 4A)	Regulation 69Z]
[^{F94} Net income of F (residual) (in Part 4A)	Regulation 69Z2]
[^{F94} Net income of F (tax-exempt) (in Part 4A)	Regulation 69Z1]
[^{F94} Newly qualified company (in Part 4A)	Regulation 69N(5)]
Open-ended investment company	Regulation 4
Owner of shares	Regulation 8
[^{F94} PAIF distribution (dividends) (in Part 4A)	Regulation 69Z17(3)]
[^{F94} PAIF distribution (interest) (in Part 4A)	Regulation 69Z16(3)]
Participant	Regulation 6(6)
[^{F94} Pre-distribution amount (in Part 4A)	Regulation 69Z3]
Pre-transfer accounting period (in Chapter 2 of Part 6)	Regulation 79(1)
[^{F94} Property AIF	Regulation 69A(2)]
[^{F95} Property condition (in Part 4B)	Regulation 69Z46]
[^{F95} Property business income (in Part 4B)	Regulation 69Z56(1)(c)]
[^{F94} Property income distribution	Regulation 69Z15(4)]
[^{F94} Property investment business (in Part 4A)	Regulation 69F(1)]
[^{F95} Property investment income (in Part 4B)	Regulation 69Z56(1)(b)]
[^{F94} Property rental business (in Part 4A)	Regulation 69H(1)]
[^{F94} Prospectus (in Part 4A)	Regulation 69E(4)]
Qualifying certificate	Regulation 35
Qualified investor scheme	Regulation [^{F108} 14B(4)]
Qualifying investments	Regulation 20
Qualifying units (in another authorised investment fund) (in Part 3)	Regulation 21(3)
[^{F95} Refusal notice (in Part 4B)	Regulation 69Z52(1)]
[^{F94} Relevant distribution (in Chapter 6 of Part 4A)	Regulation 69Z29(1)(b)]
Relevant period (in Part 3)	Regulation 19(2)
Reporting date	Regulation 8
[^{F109} reputable intermediary condition (in Part 4)	Regulation 27]
[^{F109} residence condition (in Part 4)	Regulation 30]
Residence declaration	Regulation 8
Scheme property	Regulation 6(2)

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Securities (in Part 3)	Regulation 21(2)
[^{F94} Specified accounting period (in Part 4A)	Regulation 69Q(2)]
[^{F95} Specified accounting period (in Part 4B)	Regulation 69Z51(2)]
F110	F110
...	...
Target trust (in Chapter 2 of Part 6)	Regulation 78(7)
[^{F95} Tax Elected Fund	Regulation 69Z42(2)]
Tax year	Regulation 8
[^{F95} TEF conditions (in Part 4B)	Regulation 69Z45(a)]
[^{F95} TEF distribution (dividend) (in Part 4B)	Regulation 69Z60(3)]
[^{F95} TEF distribution (non-dividend)	Regulation 69Z61(3)]
[^{F94} Termination notice (in Part 4A)	Regulation 69Z37(1)]
[^{F95} Termination notice (in Part 4B)	Regulation 69Z70(1)]
Transfer date (in Chapter 2 of Part 6)	Regulation 78(7)
[^{F94} UK-REIT	Regulation 69F(2).]
Umbrella company	Regulation 7(1)
Umbrella scheme	Regulation 7(4)
Underlying subject matter (in Part 3)	Regulation 21(6)
Unit holder	Regulation 5(3)
Unit trust scheme	Regulation 5(1)
Units	Regulation 6(4)
The whole of the scheme property of an authorised unit trust that is available for transfer (in Chapter 2 of Part 6)	Regulation 78(7)

Textual Amendments

- F94** Words in Sch. Pt. 2 inserted (6.4.2008) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2008 \(S.I. 2008/705\)](#), regs. 1, 7
- F95** Words in Sch. Pt. 2 inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **32(3)(c)**
- F96** Words in Sch. Pt. 2 omitted (with effect in accordance with reg. 1(2) of the amending S.I.) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **29(a)(i)**
- F97** Words in Sch. Pt. 2 omitted (with effect in accordance with reg. 1(2) of the amending S.I.) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **29(a)(ii)**
- F98** Words in Sch. Pt. 2 omitted (with effect in accordance with reg. 1(2) of the amending S.I.) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **29(a)(iii)**

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Changes to legislation: There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006. (See end of Document for details)

- F99** Words in Sch. Pt. 2 omitted (with effect in accordance with reg. 1(2) of the amending S.I.) by virtue of The Authorised Investment Funds (Tax) (Amendment No. 3) Regulations 2008 (S.I. 2008/3159), regs. 1(1), **29(a)(iv)**
- F100** Words in Sch. Pt. 2 omitted (with effect in accordance with reg. 1(2) of the amending S.I.) by virtue of The Authorised Investment Funds (Tax) (Amendment No. 3) Regulations 2008 (S.I. 2008/3159), regs. 1(1), **29(a)(v)**
- F101** Words in Sch. Pt. 2 omitted (1.9.2009) by virtue of The Authorised Investment Funds (Tax) (Amendment) Regulations 2009 (S.I. 2009/2036), regs. 1, **32(3)(a)(i)**
- F102** Word in Sch. Pt. 2 substituted (1.9.2009) by The Authorised Investment Funds (Tax) (Amendment) Regulations 2009 (S.I. 2009/2036), regs. 1, **32(3)(a)(ii)**
- F103** Words in Sch. Pt. 2 inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by The Authorised Investment Funds (Tax) (Amendment No. 3) Regulations 2008 (S.I. 2008/3159), regs. 1(1), **29(c)**
- F104** Word in Sch. Pt. 2 substituted (1.9.2009) by The Authorised Investment Funds (Tax) (Amendment) Regulations 2009 (S.I. 2009/2036), regs. 1, **32(3)(b)**
- F105** Words in Sch. Pt. 2 omitted (with effect in accordance with reg. 1(2) of the amending S.I.) by virtue of The Authorised Investment Funds (Tax) (Amendment No. 3) Regulations 2008 (S.I. 2008/3159), regs. 1(1), **29(a)(vi)**
- F106** Words in Sch. Pt. 2 omitted (with effect in accordance with reg. 1(2) of the amending S.I.) by virtue of The Authorised Investment Funds (Tax) (Amendment No. 3) Regulations 2008 (S.I. 2008/3159), regs. 1(1), **29(a)(vii)**
- F107** Words in Sch. Pt. 2 omitted (with effect in accordance with reg. 1(2) of the amending S.I.) by virtue of The Authorised Investment Funds (Tax) (Amendment No. 3) Regulations 2008 (S.I. 2008/3159), regs. 1(1), **29(a)(viii)**
- F108** Words in Sch. Pt. 2 substituted (with effect in accordance with reg. 1(2) of the amending S.I.) by The Authorised Investment Funds (Tax) (Amendment No. 3) Regulations 2008 (S.I. 2008/3159), regs. 1(1), **29(b)**
- F109** Words in Sch. Pt. 2 inserted (6.4.2007) by The Authorised Investment Funds (Tax) (Amendment No. 2) Regulations 2007 (S.I. 2007/794), regs. 1(1), 7
- F110** Words in Sch. Pt. 2 omitted (with effect in accordance with reg. 1(2) of the amending S.I.) by virtue of The Authorised Investment Funds (Tax) (Amendment No. 3) Regulations 2008 (S.I. 2008/3159), regs. 1(1), **29(a)(ix)**

EXPLANATORY NOTE

(This note is not part of the Regulations)

In the Finance (No. 2) Act 2005 (c. 22) (“the 2005 Act”), Chapter 3 of Part 2 makes provision relating to authorised investment funds. Existing statutory provisions dealing with authorised investment funds cease to have effect on such day as the Treasury may appoint by order (see sections 17(1) and 19(1) of the 2005 Act). Arrangements are being made for the enactments specified in section 17(1) of the 2005 Act to be repealed.

Sections 17(3) and 18 of the 2005 Act then confer powers to make provisions about the treatment of authorised investment funds for taxation purposes. These Regulations exercise those powers. In doing so, these Regulations contain material dealing with the same matters as those dealt with in the enactments specified in section 17(1) of the 2005 Act, and in various statutory instruments;

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but these Regulations make some changes in dealing with those matters. These Regulations also contain new provisions.

Part 1 of these Regulations contains preliminary provisions and provides for interpretation. As regards the preliminary provisions, regulation 1 provides for citation, commencement and effect; and regulation 2 sets out the structure of these Regulations, indicating the nature of each of the eight parts into which these Regulations are divided. Regulations 3 to 8 then deal with matters of interpretation. Regulation 3 defines “authorised investment funds” as “open-ended investment companies” and as “authorised unit trust schemes”. The definition of an open-ended investment company is dealt with in regulation 4 and definitions relating to authorised unit trust schemes are set out in regulation 5. Regulations 6 to 8 contain further definitions. The final regulation in this Part is regulation 9, which introduces the Schedule to these Regulations.

Part 2 of these Regulations deals with the tax treatment of authorised investment funds; and this Part contains the special detailed rules that apply to this subject. Capital profits, gains or losses arising to an authorised investment fund must not be brought into account for the purposes of Chapter 2 of Part 4 of the Finance Act 1996 (c. 8) (loan relationships) (see regulation 10), or for the purposes of Schedule 26 to the Finance Act 2002 (c. 23) (derivative contracts) (see regulation 11). Regulation 12 contains further provisions supplementing these basic rules. Further provision is then made for the purposes of an authorised investment fund's loan relationships. Regulation 13 is concerned with the treatment of interest distributions, and regulation 14 prevents the carrying-back of deficits on loan relationships to earlier periods.

Part 3 of these Regulations deals with distributions made by authorised investment funds. Regulation 15 is concerned with interpretation, and regulation 16 specifies the funds excluded from the ambit of this Part. Regulation 17 deals with the contents of distribution accounts: amounts shown as available for distribution must be shown as available for distribution as yearly interest or as dividends. Regulations 18 to 21 are concerned with interest distributions. Regulation 18 sets out the general rule that applies. But before an interest distribution may be made, an amount must satisfy the qualifying investments test. The test is set out in regulation 19 and further explained in regulations 20 and 21. Regulation 22 deals with dividend distributions; and regulation 23, which applies both to interest distributions and to dividend distributions, contains provisions which apply if the amounts available for distribution are de minimis only.

Part 4 of these Regulations deals with the treatment of participants in authorised investment funds; and this Part is divided into four Chapters.

Chapter 1 of Part 4 contains preliminary provisions. Regulation 24 sets out the structure of this Part, indicating the nature of each of the four Chapters, and regulation 25 specifies funds excluded from the ambit of this Part.

Chapter 2 of Part 4 deals with participants chargeable to income tax. Regulation 26 provides for the general obligation to deduct a sum representing tax when any yearly interest is paid (“the deduction obligation”) to be relaxed in a number of cases. The cases in question include those where the reputable intermediary condition is met, the residence condition is met or the non-liability condition is met. Regulations 27 to 29 then deal in detail with the reputable intermediary condition; regulations 30 to 33 with the residence condition; and regulations 34 to 46 with the non-liability condition.

Chapter 3 of Part 4 deals with participants chargeable to corporation tax. Regulation 47 provides that the deduction obligation does not apply to interest distributions. So far as dividend distributions are concerned, regulation 48 provides for the unfranked part of the dividend distribution to be treated as an annual payment and not as a dividend distribution or an interest distribution. Regulation 49 specifies how the unfranked part of the dividend distribution is to be calculated, and regulations 50 to 52 contain supplemental provisions.

Chapter 4 of Part 4, which does not derive in any way from earlier legislation, imposes a charge to tax on substantial QIS holdings in qualified investor schemes. The first group of provisions in this Chapter is of a general nature. Regulation 53 provides for the charge to tax under this Chapter, and specifies those participants who are excepted from that charge. Regulation 54 explains what is meant by the expression “substantial QIS holding”. Regulation 55 is concerned with the amount

charged to tax under this Chapter: that amount is calculated by reference to the difference in value of the substantial QIS holding between two measuring dates. Regulation 56 specifies the dates that are measuring dates, and regulations 57 and 58 contain additional provisions relating (respectively) to the charges to income tax and corporation tax. Regulation 59 contains further provisions. The next group of provisions in this Chapter is concerned with the first measuring date. The general rule that a participant must value his holding on the first measuring date is set out in regulation 60; but that general rule is modified in the cases dealt with in regulations 61 to 63. Regulation 64 contains the definition of the first measuring date, and regulation 65 specifies a calculation that must then be made. The final group of regulations in this Chapter is concerned with disposals of holdings. Separate provision is made for reorganisations (regulation 66), for the disposal of part of a holding (regulation 67), for the disposal of the whole of a holding (regulation 68) and for no gain/no loss disposals (regulation 69).

Part 5 of these Regulations deals with compliance. Regulation 70 provides for section 234A of the Income and Corporation Taxes Act 1988 (c. 1) (information relating to distributions) to apply in a modified form. Regulation 71 provides that an authorised investment fund making interest distributions without deduction of tax must report this information to the Commissioners for Revenue and Customs. The Commissioners may require information to be given about interest distributions made without deduction of tax (regulation 72) and may inspect records (regulation 73), but the information so obtained by the Commissioners may only be used in limited contexts (see regulation 74). The Commissioners may also inspect residence declarations given under Chapter 2 of Part 4 of these Regulations (regulation 75).

Part 6 of these Regulations contains further provisions relating to authorised investment funds; and this Part is divided into two Chapters.

Chapter 1 of Part 6 is of a general nature. Regulation 76 deals with the case where an open-ended investment company issues shares of different denominations. Regulation 77 provides that there must not be discrimination in respect of different classes of shares.

Chapter 2 of Part 6 is concerned with the amalgamation of an authorised unit trust with, and the conversion of an authorised unit trust into, an open-ended investment company. The circumstances in which this Chapter applies are set out in regulation 78; and regulations 79 to 85 are concerned with the tax consequences of the scheme undertaken.

Part 7 of these Regulations contains consequential amendments and modifications of enactments; and this Part is divided into three Chapters.

Chapter 1 of Part 7 contains amendments of references to enactments repealed by section 17(1) of the 2005 Act (regulations 86 to 92).

Chapter 2 of Part 7 contains modifications of the Tax Acts (regulations 93 to 96).

Chapter 3 of Part 7 contains modifications of the Taxation of Chargeable Gains Act 1992 (c. 12) (regulations 97 to 110).

Part 8 of these of these Regulations contains final provisions. Regulation 111 provides for the revocation of statutory instruments whose subject matter is now contained in these Regulations. The Schedule to these Regulations is in two Parts. Part 1 gives the meaning of the abbreviated references to Acts used in these Regulations; and Part 2 consists of an Index of expressions defined or otherwise explained in these Regulations.

A full regulatory impact assessment of the effect that this instrument will have on the costs of business is available on the website of Her Majesty's Revenue and Customs at www.hmrc.gov.uk/ria/ria-aif.pdf.

Status:

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Changes to legislation:

There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006.