
STATUTORY INSTRUMENTS

2006 No. 964

The Authorised Investment Funds (Tax) Regulations 2006

PART 2

THE TAX TREATMENT OF AUTHORISED INVESTMENT FUNDS

^{F1} Authorised investment funds having interests in offshore non-reporting funds

Textual Amendments

- F1** Regs. 14ZA-14ZC and cross-heading inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2011 \(S.I. 2011/244\)](#), regs. 1(1), 4 (with reg. 8)

Interests in offshore non-reporting funds: general

14ZA.—(1) Regulation 14ZB applies if—

- (a) an authorised investment fund disposes of an asset which is an interest in a non-reporting fund (“the asset”); and
- (b) the conditions in paragraph (2) are satisfied for the period beginning with the date on which the authorised investment fund acquired the asset and ending on the date of the disposal.

(2) The conditions are that—

- (a) the authorised investment fund has access to the accounts of the non-reporting fund,
- (b) the authorised investment fund had sufficient information about the non-reporting fund referred to in paragraph (1)(a) to enable it to prepare computations of reportable income for the non-reporting fund for every accounting period which, if the non-reporting fund were a reporting fund, would be a reporting period ending within the period mentioned in paragraph (1)(b),
- (c) the authorised investment fund has prepared such computations, and
- (d) any excess of the authorised investment fund’s share of the reportable income of the non-reporting fund over the authorised investment fund’s share of the distributions made by the non-reporting fund is included in the amount available for income allocation by the authorised investment fund for each reporting period of the authorised investment fund which falls within the period mentioned in paragraph (1)(b).

(3) An authorised investment fund has an interest in a non-reporting fund if and to the extent that it has an interest in such a fund for the purposes of the Offshore Funds Regulations.

(4) For the purposes of the computations mentioned in paragraph (2)(b), regulation 80 of the Offshore Funds Regulations applies if (and only if) the non-reporting fund is a UCITS fund.

(5) In this regulation, “UCITS fund” has the same meaning as in regulation 12 of the Offshore Funds Regulations and “reporting period” has the same meaning as in regulation 91 of those Regulations.

Treatment of disposal of interest in non-reporting fund

14ZB. No tax shall be charged on the authorised investment fund under regulation 17 of the Offshore Funds Regulations on the disposal by the authorised investment fund of an asset which is an interest in a non-reporting fund at the time of the disposal.

Treatment of interest in non-reporting fund: cases where the conditions in regulation 14ZA(2) would not be satisfied

14ZC.—(1) This regulation applies in relation to an asset of an authorised investment fund (“the asset”) which—

- (a) is an interest in a non-reporting fund, but
- (b) in relation to which the conditions in regulation 14ZA(2) would not (apart from this regulation) be satisfied for the whole of the period specified in regulation 14ZA(1)(b) in relation to the asset.

(2) Paragraph (4) applies if the authorised investment fund, in relation to the asset, reasonably expects to satisfy the conditions in regulation 14ZA(2) for the period beginning with a date to be determined in accordance with paragraph (3) (“the deemed start date”) and ending on the date of the disposal of the asset.

(3) The deemed start date is a date to be determined by the authorised investment fund but which must not be earlier than 6th March 2011.

(4) The authorised investment fund is treated for all purposes (including for the purposes of determining the beginning of the period mentioned in regulation 14ZA(1)(b)) as if it had, on the deemed start date, disposed of the asset (and not satisfied the conditions in regulation 14ZA(2)) and immediately reacquired the asset for a consideration equal to its market value on the deemed start date.

(5) The authorised investment fund must notify the Commissioners of the deemed start date by making an appropriate entry in its tax return for the accounting period in which the deemed start date falls.]

[^{F2} Authorised investment funds with limited investment powers – stamp duty reserve tax

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.]

Textual Amendments

F2 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**

Changes to legislation:

There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006, Cross Heading: Authorised investment funds having interests in offshore non-reporting funds.