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## STATUTORY INSTRUMENTS

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# 2006 No. 964

## The Authorised Investment Funds (Tax) Regulations 2006

### PART 2

#### 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**

**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 <sup>M1</sup> (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.

[<sup>F1</sup>(4) This regulation is subject to regulation 14B (tax treatment of qualified investor schemes).]

##### **Textual Amendments**

**F1** 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**

**M1** 1996 c. 8.

##### **General rule for derivative contracts: exclusion of capital profits, gains or losses**

**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 <sup>M2</sup> (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.

[<sup>F2</sup>(4) This regulation is subject to regulation 14B (tax treatment of qualified investor schemes).]

**Status:** Point in time view as at 01/01/2009.

**Changes to legislation:** There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006, Cross Heading: Loan relationships and derivative contracts: exclusion of capital profits, gains or losses. (See end of Document for details)

#### Textual Amendments

- F2** 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

- M2** 2002 c. 23.

### Accounts prepared in accordance with UK generally accepted accounting practice

**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 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 [<sup>F3</sup>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 [<sup>F4</sup>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

- F3** 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
- F4** 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

**Status:**

Point in time view as at 01/01/2009.

**Changes to legislation:**

There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006, Cross Heading: Loan relationships and derivative contracts: exclusion of capital profits, gains or losses.