
STATUTORY INSTRUMENTS

2006 No. 964

The Authorised Investment Funds (Tax) Regulations 2006

PART 2

THE TAX TREATMENT OF AUTHORISED INVESTMENT FUNDS

Loan relationships: treatment of interest distributions and deficits

Treatment of interest distributions for purposes of loan relationships

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.

Treatment of deficits on loan relationships

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).