
STATUTORY INSTRUMENTS

2006 No. 964

The Authorised Investment Funds (Tax) Regulations 2006

PART 4

THE TREATMENT OF PARTICIPANTS IN AUTHORISED INVESTMENT FUNDS

CHAPTER 2

PARTICIPANTS CHARGEABLE TO INCOME TAX

The reputable intermediary condition

The reputable intermediary condition

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.

(3) Condition B is that the legal owner has reasonable grounds for believing that the participant is not ^{F1}... 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).

Textual Amendments

F1 Word in reg. 27(3) omitted (with effect in accordance with reg. 1(2)(c) of the amending S.I.) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment\) \(No. 2\) Regulations 2013 \(S.I. 2013/2994\)](#), regs. 1(1), 7

The reputable intermediary condition: further provisions

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

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 ^{F2}... resident in the United Kingdom.

(6) Section 350 of ICTA ^{M1} (charge to tax where payments made under section 349) and Schedule 16 to that Act ^{M2} (collection of income tax on company payments which are not distributions) have effect as if the deduction obligation applied.

Textual Amendments

F2 Word in reg. 29(5) omitted (with effect in accordance with reg. 1(2)(c) of the amending S.I.) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment\) \(No. 2\) Regulations 2013 \(S.I. 2013/2994\)](#), regs. 1(1), 8

Marginal Citations

M1 Section 350 was amended by paragraph 8 of Schedule 6 to the Finance Act 1996 and section 96(2) of the Finance Act 2002.

M2 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 \(asp. 17\)](#).

Changes to legislation:

There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006, Cross Heading: The reputable intermediary condition.