

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

*Deduction of tax from interest distributions: general*

**Deduction of tax where interest distributions made**

**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 [<sup>F1</sup>section 874 of ITA 2007] 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); <sup>F2</sup>...
- (d) the residence condition is met with respect to a participant on the distribution date (see regulation 30); <sup>F3</sup>...

<sup>F3</sup>(e) ..... [<sup>F4</sup>, or

- (f) the offshore marketing condition is met with respect to the class of units in relation to which the distribution is made (see regulation 33A)].

(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**

- F1** Words in reg. 26(2) substituted (with effect in accordance with reg. 1(2)(a) of the amending S.I.) by [The Authorised Investment Funds \(Tax\) \(Amendment\) \(No. 2\) Regulations 2013 \(S.I. 2013/2994\)](#), regs. 1(1), **3(a)**
- F2** Word in reg. 26(4)(c) omitted (with effect in accordance with reg. 1(2)(b) 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), **3(b)(i)**
- F3** 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)**
- F4** Reg. 26(4)(f) and preceding word inserted (with effect in accordance with reg. 1(2)(b) of the amending S.I.) by [The Authorised Investment Funds \(Tax\) \(Amendment\) \(No. 2\) Regulations 2013 \(S.I. 2013/2994\)](#), regs. 1(1), **3(b)(ii)**

**Changes to legislation:**

There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006, Section 26.