
STATUTORY INSTRUMENTS

2011 No. 1211

The Offshore Funds (Tax) (Amendment) Regulations 2011

PART 2

Equalisation Arrangements

CHAPTER 1

Introduction and amendments to principal Regulations

Substitution of regulation 72 (treatment of reporting funds operating equalisation arrangements)

9. For regulation 72 (treatment of reporting funds operating equalisation arrangements) substitute—

“Treatment of reporting funds operating equalisation arrangements

72.—(1) This regulation applies if a reporting fund operates equalisation arrangements.

(2) If a person acquires an interest in the fund by way of initial purchase, the reportable income must be increased by an amount equal to that part of the acquisition price which is attributable to the undistributed income which has accrued to the fund in the period of account up to the time of the acquisition and which is taken into account in determining the acquisition price (“the equalisation amount”).

(3) If a participant disposes of an interest in the fund by way of redemption, the reportable income must be reduced by an amount equal to that part of the redemption price which is attributable to the undistributed income which has accrued to the fund in the period of account up to the time of the redemption and which is taken into account in determining the redemption price.

(4) For the purposes of these Regulations a person acquires an interest in an offshore fund by way of initial purchase if the acquisition is by way of subscription for or allotment of new shares, units or other interests issued or created by the fund or by way of direct purchase from the managers of the fund acting in their capacity as managers of the fund.

(5) For the purposes of this regulation a person disposes of an interest in a fund by way of redemption if the disposal is by way of cancellation of the units, shares or other interest or by way of direct sale to the managers of the fund acting in their capacity as managers of the fund.”.