



Corporation Tax Act 2010

2010 CHAPTER 4

PART 13

OTHER SPECIAL TYPES OF COMPANY ETC

CHAPTER 2

AUTHORISED INVESTMENT FUNDS

Introduction

612 Overview of Chapter

- (1) This Chapter contains provision about taxation in relation to—
 - (a) open-ended investment companies (see sections 613 and 614),
 - (b) authorised unit trusts (see sections 616 to 618), and
 - (c) court investment funds (which are treated in accordance with section 620 as authorised unit trusts).
- (2) The Chapter also includes provision about—
 - (a) open-ended investment companies which take the form of umbrella companies (see section 615), and
 - (b) authorised unit trust schemes which take the form of umbrella schemes (see section 619).
- (3) The effect of the provision mentioned in subsection (2) is that, for the purposes of this Chapter, each part of the umbrella company or scheme is regarded as an open-ended investment company or authorised unit trust, but the umbrella company or scheme itself is not.

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Chapter 2. (See end of Document for details)

Open-ended investment companies

613 Meaning of “open-ended investment company”

In this Chapter “open-ended investment company” means a company incorporated in the United Kingdom to which section 236 of FISMA 2000 applies.

614 Applicable corporation tax rate

The rate of corporation tax in relation to an open-ended investment company for any financial year is the rate at which income tax at the basic rate is charged for the tax year beginning on 6 April in that financial year ^{F1}... [^{F2}(and sections 18A and 18B (relief for companies with small profits) do not apply)].

Textual Amendments

- F1** Words in s. 614 omitted (with effect in accordance with Sch. 1 para. 22 of the amending Act) by virtue of [Finance Act 2014 \(c. 26\)](#), [Sch. 1 para. 15\(2\)](#)
- F2** Words in s. 614 inserted (with effect in accordance with Sch. 1 para. 34 of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 1 para. 27](#)

Modifications etc. (not altering text)

- C1** S. 614 excluded (9.12.2021) by [S.I. 2006/964](#), [reg. 14DA\(2\)\(f\)](#) (as inserted by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2021 \(S.I. 2021/1270\)](#), [regs. 1, 3\(2\)](#))

615 Umbrella companies

- (1) In this section “umbrella company” means an open-ended investment company—
 - (a) whose instrument of incorporation provides arrangements for separate pooling of the contributions of the shareholders and the profits or income out of which payments are made to them, and
 - (b) whose shareholders are entitled to exchange rights in one pool for rights in another.
- (2) References in this section to a part of an umbrella company are to a separate pool.
- (3) For the purposes of this Chapter—
 - (a) each of the parts of an umbrella company is to be regarded as an open-ended investment company, and
 - (b) the umbrella company as a whole is not to be regarded as an open-ended investment company.
- (4) The umbrella company as a whole is not to be regarded as a company for any other purpose of the Tax Acts unless an enactment expressly provides otherwise.

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Chapter 2. (See end of Document for details)

Authorised unit trusts

616 Meaning of “authorised unit trust” and “unit holder”

- (1) In this Chapter “authorised unit trust” means, in relation to an accounting period, a unit trust scheme in respect of which an order under section 243 of FISMA 2000 is in force during the whole or part of the period.
- (2) In this Chapter “unit holder” means a person entitled to a share of the investments subject to the trusts of a unit trust scheme.
- (3) Subsections (1) and (2) are subject to section 619 (umbrella schemes).

617 Authorised unit trust treated as UK resident company

- (1) In respect of income arising to the trustees of an authorised unit trust, and for the purposes of the provisions relating to relief for capital expenditure, the Tax Acts have effect as if—
 - (a) the trustees were a UK resident company, and
 - (b) the rights of the unit holders were shares in the company.
- (2) References in the Corporation Tax Acts to a body corporate are to be read in accordance with subsection (1); and sections 1104 to 1107 (companies required to provide tax certificates) apply with any necessary modifications.
- (3) Subsection (1)(b) does not affect the making of distributions which are interest distributions to unit holders.
- (4) “Interest distributions” has the meaning given by regulations made under section 17(3) of F(No.2)A 2005.

618 Applicable corporation tax rate

The rate of corporation tax in relation to an authorised unit trust for any financial year is the rate at which income tax at the basic rate is charged for the tax year beginning on 6 April in that financial year ^{F3}... [^{F4}(and sections 18A and 18B (relief for companies with small profits) do not apply)].

Textual Amendments

- F3** Words in s. 618 omitted (with effect in accordance with Sch. 1 para. 22 of the amending Act) by virtue of [Finance Act 2014 \(c. 26\)](#), [Sch. 1 para. 15\(3\)](#)
- F4** Words in s. 618 inserted (with effect in accordance with Sch. 1 para. 34 of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 1 para. 28](#)

Modifications etc. (not altering text)

- C2** S. 618 excluded (9.12.2021) by [S.I. 2006/964](#), [reg. 14DA\(2\)\(g\)](#) (as inserted by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2021 \(S.I. 2021/1270\)](#), [regs. 1, 3\(2\)](#))

619 Umbrella schemes

- (1) In this section “umbrella scheme” means a unit trust scheme—

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Chapter 2. (See end of Document for details)

- (a) which provides arrangements for separate pooling of the contributions of the participants and the profits or income out of which payments are made to them (“pooling arrangements”),
 - (b) under which the participants are entitled to exchange rights in one pool for rights in another, and
 - (c) in respect of which an order under section 243 of FISMA 2000 is in force.
- (2) References in this section to a part of an umbrella scheme are to such of the pooling arrangements as relate to a separate pool.
- (3) For the purposes of this Chapter—
- (a) each of the parts of an umbrella scheme is to be regarded as an authorised unit trust, and
 - (b) the umbrella scheme as a whole is not to be regarded as an authorised unit trust.
- (4) In relation to a part of an umbrella scheme, references to investments subject to the trusts of an authorised unit trust are references to such of the investments as under the pooling arrangements form part of the separate pool to which the part relates.
- (5) In relation to a part of an umbrella scheme, references to a unit holder are references to a person for the time being having rights in that separate pool.

Court investment funds

620 Court investment funds

- (1) In this section “court investment fund” means a fund established under section 42 of the Administration of Justice Act 1982 (investment funds for money paid into court).
- (2) The Tax Acts apply in relation to a court investment fund as if—
- (a) the fund were an authorised unit trust,
 - (b) the person who is for the time being the investment manager of the fund were the trustee of the trust, and
 - (c) the persons with qualifying interests (see the table in subsection (3)) were the unit holders in the trust.
- (3) This is the table referred to in subsection (2)(c)—

<i>Description of shares in the fund</i>	<i>Persons with qualifying interests in relation to the shares</i>
Shares held by the Accountant General	The persons whose interests entitle them, as against the Accountant General, to share in the fund's investments
Shares held by any other person authorised by the Lord Chancellor to hold such shares on behalf of others (an “authorised person”)	The persons whose interests entitle them, as against the authorised person, to share in the fund's investment (or, if there are no such persons, the authorised person)
Shares held by persons authorised by the Lord Chancellor to hold such shares on their own behalf	The persons so authorised

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- (4) In subsection (3) “the Accountant General” means—
- (a) the Accountant General of the Senior Courts of England and Wales, or
 - (b) the Accountant General of the Court of Judicature of Northern Ireland.

[^{F5}(5) In the application of this section to Northern Ireland, any reference to the Lord Chancellor is to be read as a reference to the Department of Justice in Northern Ireland.]

Textual Amendments

- F5** S. 620(5) inserted (18.10.2012) by [The Northern Ireland Act 1998 \(Devolution of Policing and Justice Functions\) Order 2012 \(S.I. 2012/2595\)](#), arts. 1(2), **21** (with arts. 24-28)

Modifications etc. (not altering text)

- C3** S. 620 applied (with modifications) (S.) (1.4.2015) by [Land and Buildings Transaction Tax \(Scotland\) Act 2013 \(asp 11\)](#), ss. **45(7)**, **70(2)** (with s. 69); S.S.I. 2015/108, art. 2
- C4** S. 620 applied (with modifications) (E.W.) (1.4.2018) by [Land Transaction Tax and Anti-avoidance of Devolved Taxes \(Wales\) Act 2017 \(anaw 1\)](#), ss. **34(7)**, **81(2)(3)**; S.I. 2018/34, art. 3

Changes to legislation:

There are currently no known outstanding effects for the Corporation Tax Act 2010, Chapter 2.