

STATUTORY INSTRUMENTS

2006 No. 964

The Authorised Investment Funds (Tax) Regulations 2006

PART 2

THE TAX TREATMENT OF AUTHORISED INVESTMENT FUNDS

F1... Interest distributions and deficits

Textual Amendments

- F1** Words in [reg. 12A](#) cross-heading omitted (with effect in accordance with reg. 1(2)(3) of the amending S.I.) by virtue of [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2015 \(S.I. 2015/485\)](#), regs. 1(1), **2(2)**

[^{F2}Deduction of expenses

12A. Where an authorised investment fund makes an interest distribution for a distribution period, the amount that can be deducted under Step 2 in section 4(2) of CTA 2010 (amounts that can be relieved against the company's total profits of the period) cannot exceed an amount that would reduce the total profits chargeable to corporation tax for the accounting period in which the last day of the distribution period falls to below the total amount chargeable to corporation tax in accordance with Part 4 of CTA 2009 for that accounting period.]

Textual Amendments

- F2** [Reg. 12A](#) inserted (with effect in accordance with reg. 1(2)(3) of the amending S.I.) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2015 \(S.I. 2015/485\)](#), regs. 1(1), **2(3)**

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.

[^{F3}(1A) But paragraph (1) only applies to the extent that the interest distribution is derived from income [^{F4}other than income chargeable to corporation tax in accordance with Part 4 of CTA 2009 and] in respect of which the legal owner is charged to corporation tax.]

(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 ^[F5] and regulation 14B (tax treatment of qualified investor schemes)].

^[F6](4) In this regulation an “interest distribution” includes a TEF distribution (non-dividend) (see regulation 69Z61(3)).]

Textual Amendments

- F3** Reg. 13(1A) substituted (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2012 \(S.I. 2012/519\)](#), regs. 1(1), **3**
- F4** Words in [reg. 13\(1A\)](#) inserted (with effect in accordance with reg. 1(2)(3) of the amending S.I.) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2015 \(S.I. 2015/485\)](#), regs. 1(1), **2(4)**
- F5** Words in [reg. 13\(3\)](#) inserted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **8**
- F6** Reg. 13(4) inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, **7**

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).

^[F7]This is subject to regulation 14B (tax treatment of qualified investor schemes).]

Textual Amendments

- F7** Words in [reg. 14](#) inserted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **9**

Changes to legislation:

There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006, Cross Heading: ... Interest distributions and deficits.