

STATUTORY INSTRUMENTS

2006 No. 964

The Authorised Investment Funds (Tax) Regulations 2006

[^{F1}PART 4A

PROPERTY AIFS

CHAPTER 2

ENTRY INTO AND MEMBERSHIP OF THE PROPERTY AIF REGIME

[^{F1}The balance of business conditions

Textual Amendments

F1 Pt. 4A inserted (6.4.2008) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2008 \(S.I. 2008/705\)](#), regs. 1, 5

The balance of business conditions

69N.—(1) The balance of business conditions are that conditions A and B must be met.

(2) Condition A is that the net income of F (tax-exempt) for an accounting period (determined in accordance with regulation 69Z1) is—

- (a) at least 40% of the open-ended investment company's net income (as defined in regulation 69Z) where this Part applies to a newly qualified company in its first accounting period, or
- (b) at least 60% of the open-ended investment company's net income (as defined in regulation 69Z) where this Part applies to a company in an accounting period in any other circumstances.

(3) Condition B is that the value of the assets involved in property investment business is—

- (a) at least 40% of the total value of the assets held by the open-ended investment company at the end of the accounting period where this Part applies to a newly qualified company in its first accounting period, or
- (b) at least 60% of the total value of the assets held by the open-ended investment company at the end of the accounting period where this Part applies to a company in an accounting period in any other circumstances.

(4) For the purposes of condition B—

- (a) assets must be valued in accordance with generally accepted accounting practice,
- (b) where generally accepted accounting practice offers a choice of valuation between cost basis and fair value, fair value must be used, and

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- (c) no account shall be taken of liabilities secured against or otherwise relating to assets (whether generally or specifically).
- (5) In this Part a “newly qualified company” means a company—
 - (a) to which this Part applies immediately upon its authorisation, and
 - (b) which has not been an authorised investment fund before that authorisation.]

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