

STATUTORY INSTRUMENTS

**2006 No. 964**

**The Authorised Investment Funds (Tax) Regulations 2006**

[<sup>F1</sup>PART 4B

TAX ELECTED FUNDS

[<sup>F1</sup>CHAPTER 6

COMPLIANCE IN RELATION TO THE TAX ELECTED FUNDS REGIME

**Textual Amendments**

**F1** Pt. 4B inserted (1.9.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2009 \(S.I. 2009/2036\)](#), regs. 1, 24

*Breaches of TEF conditions*

**Breach of conditions: general**

**69Z65.**—(1) This regulation applies if a Tax Elected Fund—

- (a) does not meet one of the TEF conditions, and
- (b) becomes aware that it does not meet the condition.

(2) Within 28 days of becoming aware of the breach, the fund must provide the following information to the Commissioners—

- (a) the date on which the condition first ceased to be met;
- (b) the date on which the fund became aware of the breach;
- (c) details of the condition that was breached;
- (d) the nature of the breach;
- (e) the steps the fund proposes to take to rectify the breach;
- (f) the date by which the fund proposes to rectify the breach; and
- (g) where there has been a previous breach of the TEF conditions, details of the condition that was breached on that occasion, the date of that breach and the date that breach was rectified.

(3) The date referred to in paragraph (2)(f) must be the earliest date by which the objective of complying with the relevant condition may reasonably be achieved.

(4) The Commissioners must give a termination notice to the fund if—

- (a) the steps that the fund proposes to take will not rectify the breach;
- (b) the date by which the fund proposes to rectify the breach is not the earliest date by which the objective of remedying the relevant condition may reasonably be achieved;

- (c) the fund is intentionally or negligently in breach of a condition; or
- (d) there are three breaches of the same TEF condition in a period of ten years beginning with the first day of the accounting period in which the fund becomes aware of the first of those breaches.

#### **Breach of the property condition, genuine diversity of ownership condition or scheme documentation condition**

**69Z66.**—(1) This regulation applies if a Tax Elected Fund is in breach of the property condition, genuine diversity of ownership condition or scheme documentation condition.

(2) If the fund is inadvertently in breach but rectifies the breach within a reasonable time of the fund becoming aware of the breach, this Part shall continue to apply to the fund despite the breach (but see regulations 69Z65(4)(d) and 69Z68).

(3) If the fund is inadvertently in breach but does not rectify the breach within a reasonable time of the fund first becoming aware of the breach, the Commissioners must give a termination notice to the fund.

#### **Breach of the loan creditor condition**

**69Z67.**—(1) This regulation applies if a Tax Elected Fund is in breach of the loan creditor condition.

(2) If the fund is inadvertently in breach but rectifies the breach within a period of 28 days beginning with the day on which the fund first becomes aware of the breach, this Part shall continue to apply to the fund despite the breach (but see paragraph (4) and regulations 69Z65(4)(d) and 69Z68).

(3) If the fund is inadvertently in breach but does not rectify the breach within a period of 28 days beginning with the day on which the fund first becomes aware of the breach, the Commissioners must give a termination notice to the fund.

(4) If the fund is in breach of the same condition specified in paragraphs (2) to (5) of regulation 69Z47 in two different accounting periods in a period of ten years beginning with the first day of the accounting period in which the fund becomes aware of the first of those breaches, the Commissioners must give a termination notice to the fund.

#### **Multiple breaches of separate conditions**

**69Z68.** The Commissioners must give a termination notice to a Tax Elected Fund if—

- (a) there has been a breach of at least two of the TEF conditions, and
- (b) there have been four breaches in a period of ten years beginning with the first day of the accounting period in which the first breach occurs.

#### *Information about possible breaches of the TEF conditions*

#### **Information to be provided to officers of Revenue and Customs**

**69Z69.**—(1) This regulation applies if an officer of Revenue and Customs thinks that a Tax Elected Fund—

- (a) does not meet, or may not meet, one of the TEF conditions, or
- (b) has not rectified a breach of such a condition.

(2) The officer may serve a notice (an “information notice”) on the manager of the fund requiring the manager to provide any of the information specified in regulation 69Z65(2) within a specified period.

(4) If the manager does not comply with the information notice within the specified period the Commissioners must give a termination notice.

(5) In this regulation the specified period is a period of 28 days beginning with the day on which the notice is served or, on an application by the manager, such longer period as the officer of Revenue and Customs thinks is reasonable.]

**Changes to legislation:**

There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006, CHAPTER 6.