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## STATUTORY INSTRUMENTS

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# 2006 No. 964

## The Authorised Investment Funds (Tax) Regulations 2006

### [<sup>F1</sup>PART 6A

#### FUNDS INVESTING IN NON-REPORTING OFFSHORE FUNDS

### [<sup>F1</sup>CHAPTER 4

#### Exceptions, etc from the charge to tax

#### Textual Amendments

- F1** Pt. 6A inserted (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2010 \(S.I. 2010/294\)](#), regs. 1(1), **21** (with regs. 25, 26)

#### Exceptions from the charge to tax

**85Q.**—(1) No liability to tax arises under regulation 85M (the charge to tax: general provisions) if condition A or B is met.

(2) Condition A is that the participant is required to treat units in the FINROF as a loan relationship to which the provisions of Chapter 3 of Part 6 of CTA 2009 apply.

(3) Condition B is that the participant is required to treat units in the FINROF as a derivative contract to which the provisions of Part 7 of CTA 2009 apply.

#### Trading stock etc.

**85R.**—(1) No liability to tax arises under regulation 85M if condition A or B is met.

(2) Condition A is that the units in the fund are held as trading stock.

(3) Condition B is that the disposal of the units is taken into account in computing the profits of a trade.

#### Long-term insurance funds of insurance companies

**85S.**—(1) No liability to tax arises under regulation 85M in respect of disposals of units of an insurance company's long-term insurance fund.

(2) In paragraph (1) "insurance company" and "long-term insurance fund" have the same meaning as in section 431(2) of ICTA.

#### Charitable companies and charitable trusts

**85T.**—(1) A charitable company shall be exempt from corporation tax in respect of an income gain if the gain is applicable and is applied for charitable purposes.

(2) A charitable trust shall be exempt from income tax in respect of an income gain if the gain is applicable and is applied for charitable purposes.

(3) Paragraphs (4) and (5) apply if—

(a) property held on charitable trusts ceases to be subject to charitable trusts, and

(b) that property represents directly or indirectly an income gain.

(4) The trustees are treated as if they had disposed of and immediately reacquired that property for a consideration equal to its market value.

(5) An income gain accruing on the disposal arising under paragraph (4) is treated as an income gain not accruing to a charity.

(6) In this regulation “charity” and “charitable company” have the same meaning as in section 506 of ICTA.]

**Changes to legislation:**

There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006, CHAPTER 4.