
STATUTORY INSTRUMENTS

2006 No. 964

The Authorised Investment Funds (Tax) Regulations 2006

[^{F1}PART 6A

FUNDS INVESTING IN NON-REPORTING OFFSHORE FUNDS

[^{F1}CHAPTER 7

Deduction of income gains in computing chargeable gains

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)

Scope of this Chapter

85Z5.—(1) This Chapter applies if—

- (a) a disposal gives rise to an income gain, and
- (b) that disposal also constitutes the disposal of the units concerned for the purposes of TCGA 1992.

(2) In this Chapter, the disposal specified in paragraph (1)(b) is called the “TCGA disposal”.

Treatment of the TCGA disposal: general rules

85Z6.—(1) This regulation applies for the purposes of the computation of the chargeable gain arising on the TCGA disposal.

(2) The provisions of this regulation have effect in relation to the TCGA disposal in substitution for section 37(1) of TCGA 1992 (deduction of consideration chargeable to tax on income).

(3) In the computation of the gain arising on the TCGA disposal, a sum equal to the income gain shall be deducted from the sum which would otherwise constitute the amount or value of the consideration for the disposal.

(4) Paragraph (3) is subject to the following provisions of this Chapter.

(5) Paragraph (6) applies if the TCGA disposal is of such a nature that, by virtue of section 42 of TCGA (part disposal), an apportionment falls to be made of certain expenditure.

(6) No deduction is to be made by virtue of paragraph (3) in determining the amount or value of the consideration for the purpose of the fraction in section 42(2) of TCGA 1992.

Modification of section 162 TCGA 1992

85Z7.—(1) This regulation applies if the TCGA disposal forms part of a transfer to which section 162 of TCGA applies (roll-over relief on transfer of business in exchange wholly or partly for shares).

(2) For the purposes of subsection (4) of section 162 of TCGA 1992 (determination of the amount of the deduction from the gain on the old assets) “B” in the fraction in that subsection (the value of the whole of the consideration received by the transferor in exchange for the business) is to be taken to be what it would be if the value of the consideration other than shares so received by the transferor were reduced by an amount equal to the income gain.

Application of section 128 of TCGA 1992

85Z8.—(1) This regulation applies if there is a disposal to which this Part applies by virtue of—

- (a) regulation 85X (application of section 135 of TCGA 1992), and
- (b) regulation 85Y (application of section 136 of TCGA 1992).

(2) TCGA 1992 has effect as if an amount equal to the income gain to which that disposal gives rise were given (by the person making the exchange) as consideration for the new holding (within the meaning of section 128 of that Act (consideration given or received for new holding on a reorganisation)).]

Changes to legislation:

There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006, CHAPTER 7.