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STATUTORY INSTRUMENTS

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**2006 No. 964**

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

**[<sup>F1</sup>PART 4A**

**PROPERTY AIFS**

**CHAPTER 5**

**THE TREATMENT OF PARTICIPANTS IN PROPERTY AIFS**

*Treatment of distributions: liability to tax of participants*

**[<sup>F1</sup>Property income distributions: liability to tax of participants**

**69Z18.**—(1) A property income distribution received by a participant in an open-ended investment company to which this Part applies shall be treated—

- (a) in the case of a participant within the charge to corporation tax, as profits of a Schedule A business, and
  - (b) in the case of a participant within the charge to income tax, as the profits of a UK property business (within the meaning of section 264 of ITTOIA 2005).
- (2) A distribution received by a participant who is not resident in the United Kingdom—
- (a) if the participant is a company within the charge to corporation tax, shall be chargeable to tax as profits of a Schedule A business,
  - (b) if the participant is a person other than a company within the charge to corporation tax, shall be chargeable to tax as profits of a UK property business (within the meaning of section 264 of ITTOIA 2005), and
  - (c) in either case shall not be chargeable to tax by virtue of sections 971 and 972 of ITA 2007 (non-resident landlords).
- (3) Paragraph (1) shall not apply in relation to a participant if and in so far as the participant—
- (a) is a dealer in respect of distributions (within the meaning of section 95 of ICTA),
  - (b) is a dealer in securities who is charged to tax under Part 2 of ITTOIA 2005 (trading income) in respect of distributions made by companies,
  - (c) is an individual member of Lloyd's (within the meaning given by section 184(1) of FA 1993) and the distribution is made in respect of assets forming part of—
    - (i) a premium trust fund of his (within the meaning given by section 174 of FA 1993), or
    - (ii) an ancillary trust fund of his (within the meaning given by section 176 of FA 1993),or
  - (d) is a corporate member of Lloyd's (within the meaning given by section 230(1) of FA 1994) and the distribution is made in respect of assets forming part of—
    - (i) a premium trust fund of his (within the meaning given by section 222 of FA 1994), or

(ii) an ancillary trust fund of his (within the meaning given by section 223 of FA 1994).

(4) Section 114(1)(a) of ICTA (partnerships with companies as members) does not disapply paragraph (1).

(5) Sections 231 of ICTA and 397 of ITTOIA 2005 (tax credits in respect of qualifying distributions) shall not apply to property income distributions.

(6) Property income distributions received by one participant acting in one capacity shall be treated, for the purposes of paragraph (1), as the profits of a single business which is separate from—

- (a) any other Schedule A business carried on by the participant,
- (b) any other UK property business (within the meaning of section 264 of ITTOIA 2005) carried on by the participant,
- (c) any overseas property business (within the meaning of section 70A(4) of ICTA) carried on by the participant, and
- (d) any overseas property business (within the meaning of section 265 of ITTOIA 2005) carried on by the participant.

(7) In the case of a participant which is a partnership, paragraph (6) applies to receipts by a partner of a share of any distribution as it applies to receipts by a participant.]

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**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

**Changes to legislation:**

There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006, Section 69Z18.