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STATUTORY INSTRUMENTS

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**2009 No. 3001**

**The Offshore Funds (Tax) Regulations 2009**

**PART 3**

**REPORTING FUNDS AND THE TREATMENT  
OF PARTICIPANTS IN REPORTING FUNDS**

**CHAPTER 5**

**THE COMPUTATION OF REPORTABLE INCOME**

*[<sup>F1</sup> Adjustments where funds do not operate equalisation arrangements*

**F1** Regs. 72A-72C and cross-heading inserted (28.6.2013) by [The Offshore Funds \(Tax\) \(Amendment No. 2\) Regulations 2013 \(S.I. 2013/1411\)](#), regs. 1(1), 6 (with reg. 1(3)(4))

**Reporting Funds not operating equalisation: income adjustments based on reportable income for computation periods**

**72A.**—(1) This regulation applies if a reporting fund does not operate equalisation arrangements and—

- (a) the fund has given a statement under regulation 53(1)(k) that it intends to make income adjustments in a reporting period on the basis of reportable income, or
- (b) regulation 72B(7) applies.

(2) The reportable income of the fund for a reporting period is the sum of the reportable income per unit for all the computation periods in the reporting period multiplied by the number of units in the fund in issue at the end of the reporting period.

(3) But if the sum results in a negative amount, the reportable income for that period is nil.

(4) Where a period of account consists of two reporting periods, the reportable income for the period of account is the sum of the reportable income for both those reporting periods.

(5) The reportable income per unit for a computation period is calculated by dividing the reportable income of the fund for the computation period by the average number of units in the fund in issue during the computation period.

(6) For the purposes of paragraph (5), the reportable income of the fund for a computation period means the reportable income of the fund for that period computed in accordance with this Chapter (ignoring regulation 63(5) and this regulation) and Chapter 6 of this Part.

(7) In the computation referred to in paragraph (6), this Chapter and Chapter 6 of this Part apply as if references to a period of account of the fund were references to a computation period.

### **Reporting Funds not operating equalisation: income adjustments based on accounting income for computation periods**

**72B.**—(1) This regulation applies if a reporting fund does not operate equalisation arrangements and the fund has given a statement under regulation 53(1)(k) that it intends to make income adjustments in a reporting period on the basis of accounting income.

(2) The reportable income of the fund for a reporting period is calculated as follows—

$$(AIU \times RI / AI) \times U$$

where—

AIU is the sum of the accounting income per unit for all the computation periods in the reporting period,

RI is the reportable income of the fund for the reporting period computed in accordance with this Chapter (ignoring this regulation), Chapter 6 of this Part and regulation 93,

AI is the sum of accounting income for all the computation periods in the reporting period, and

U is the number of units in the fund in issue at the end of the reporting period.

This is subject to paragraphs (6) and (7).

(3) Where a period of account consists of two reporting periods, the reportable income for the period of account is the sum of the reportable income for both those reporting periods.

(4) But if the sum results in a negative amount, the reportable income for that period is nil.

(5) The accounting income per unit for a computation period is calculated by dividing accounting income for the computation period by the average number of units in the fund in issue during the computation period.

(6) Where RI is zero the reportable income per unit of the fund for a reporting period is zero.

(7) Where the difference in the amount of reportable income per unit for any reporting period in a period of account calculated using this method and the amount of reportable income per unit for that reporting period calculated on the basis of reportable income is or is likely to be more than 10% of the latter of those amounts—

(a) the fund must make income adjustments in that and future periods of account on the basis of reportable income, and

(b) the manager must give notice to HMRC of the change in the method of income adjustment with the information provided to HMRC in relation to that period under regulation 106 (reporting requirements).

(8) In this Part “accounting income” means an amount proportionally related to the reportable income of the fund determined from the interim or management accounts of the fund, but this amount must not be less than zero.

### **Supplementary provisions: average number of units and computation period**

**72C.**—(1) For the purposes of regulations 72A(5) and 72B(5), the average number of units in the fund in issue during the computation period is the sum of the units in the fund in issue during the period after each unit has been multiplied by the fraction of the period for which it is held.

(2) In this Part a “computation period” means a period determined by a fund in accordance with the following rules.

#### *Rule 1*

A new computation period must start—

- (a) at the beginning of a reporting period, and
- (b) immediately after the end of a previous computation period.

*Rule 2*

A computation period must end—

- (a) at the end of a reporting period, and
- (b) at the end of a period in relation to which income is allocated to participants for distribution or accumulation.

*Rule 3*

If a reporting period consists of more than one computation period those periods must be of approximately equal length.]

**Changes to legislation:**

There are currently no known outstanding effects for the The Offshore Funds (Tax) Regulations 2009, Cross Heading: Adjustments where funds do not operate equalisation arrangements.