STATUTORY INSTRUMENTS

2008 No. 1463

INCOME TAX

CORPORATION TAX

CAPITAL GAINS TAX

The Authorised Investment Funds (Tax) (Amendment No. 2) Regulations 2008

Made - - - -	*9th June 2008*
Laid before the House of Commons	*9th June 2008*
Coming into force - -	*30th June 2008*

The Treasury make the following Regulations in exercise of the powers conferred by sections 17(3) and 18 of the Finance (No. 2) Act 2005(**a**).

Citation and commencement

1. These Regulations may be cited as the Authorised Investment Funds (Tax) (Amendment No. 2) Regulations 2008 and shall come into force on 30th June 2008.

Amendment of the Authorised Investment Funds (Tax) Regulations 2006

2. In the Authorised Investment Funds (Tax) Regulations 2006(**b**) for regulation 95 substitute—

"Modifications of FA 1996

95.—(1) FA 1996(**c**) is modified as follows.

(2) In paragraph 4 of Schedule 10 (loan relationships: collective investment schemes: company holdings in unit trusts and offshore funds)(**d**)—

(a) in sub-paragraph (1)(a) the words ", open-ended investment company" are treated as inserted after the words "unit trust scheme",

(b) in sub-paragraph (1)(b) the word ", company" is treated as inserted after the word "scheme",

(c) in sub-paragraph (4) the words "or open-ended investment company" are treated as inserted after the words "authorised unit trust",

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(**a**) 2005 c. 22.
(**b**) S.I. 2006/964, to which there are amendments not relevant to these Regulations.
(**c**) 1996 c. 8.
(**d**) Paragraph 4 of Schedule 10 was amended by paragraph 41 of Schedule 10 to the Finance Act 2004 (c. 12) and by S.I. 2006/964.

(d) in sub-paragraph (5) the words "scheme, fund or open-ended investment company" are treated as substituted for the words "scheme or fund", and

(e) the following sub-paragraph is treated as inserted at the end—

"(7) In this paragraph "open-ended investment company" has the same meaning as in sub-paragraph (7A)(b) of paragraph 8 below; and sub-paragraphs (7A) to (7D) of that paragraph apply for the purposes of this paragraph as they apply for the purposes of paragraph 8.".

(3) In paragraph 8 of Schedule 10 (loan relationships: collective investment schemes: non-qualifying investments test)(**a**)—

(a) in sub-paragraph (1)—

(i) the words ", open-ended investment company" are treated as inserted after the words "unit trust scheme", and

(ii) the word ", company" is treated as inserted after the words "investments of the scheme";

(b) in sub-paragraph (2)—

(i) the words ", open-ended investment company" are treated as inserted after the words "unit trust scheme", and

(ii) the word ", company" is treated as inserted after the words "investments of the scheme".".

Dave Watts
Frank Roy

9th June 2008 — Two of the Lords Commissioners of Her Majesty's Treasury

(**a**) Paragraph 8 of Schedule 10 was amended by paragraph 20 of Schedule 27 to the Finance Act 2002 (c. 23), paragraph 12(3) of Schedule 26 to the Finance Act 2004 and by S.I. 1997/213, 2001/3629 and 2006/981.

EXPLANATORY NOTE

(This note is not part of the Regulations)

The Authorised Investment Funds (Tax) Regulations 2006 (S.I. 2006/964) ("the principal Regulations") make new provision for the taxation of authorised investment funds. There are two types of authorised investment fund: authorised unit trusts and open-ended investment companies. In the principal Regulations, regulation 95 modifies the Finance Act 1996 in its application to authorised investment funds.

These amending Regulations substitute a new regulation 95 of the principal Regulations to ensure that paragraphs 4 and 8 of Schedule 10 to the Finance Act 1996 apply to open-ended investment companies in the same way that those paragraphs apply to unit trust schemes and to offshore funds.

A full and final Impact Assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.

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