STATUTORY INSTRUMENTS

2025 No. 200

CORPORATION TAX

STAMP DUTY LAND TAX

STAMP DUTY

STAMP DUTY RESERVE TAX

INCOME TAX

CAPITAL GAINS TAX

The Co-ownership Contractual Schemes (Tax) Regulations 2025

Made - - - -	*24th February 2025*
Laid before the House of Commons	*25th February 2025*
Coming into force - -	*19th March 2025*

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The Treasury make these Regulations in exercise of the powers conferred by section 103C of, and paragraph 48 of Schedule 5AAA to, the Taxation of Chargeable Gains Act 1992(**a**), section 41 of the Finance (No. 2) Act 2017(**b**) and section 20 of the Finance (No. 2) Act 2024(**c**).

PART 1

Preliminary matters

Citation and commencement

1.—(1) These Regulations may be cited as the Co-ownership Contractual Schemes (Tax) Regulations 2025.

(2) These Regulations come into force on 19th March 2025.

PART 2

Reserved Investor Fund (Contractual Schemes): general

Chapter 1

Interpretation

Interpretation: Part 2

2.—(1) In this Part—

"the 2009 Regulations" means the Offshore Funds (Tax) Regulations 2009(**d**);

"accounting period" has the meaning given by regulation 33;

"depositary", in relation to a co-ownership scheme, has the meaning given by section 237(2) of FISMA 2000;

"disposal", in relation to an asset, has the meaning it has in section 21 of TCGA 1992;

"entry notice" has the meaning given by regulation 4(1);

"exempt investor condition" has the meaning given by regulation 14;

"exit notice" has the meaning given by regulation 22;

"FISMA 2000" means the Financial Services and Markets Act 2000(**e**);

"genuine diversity of ownership condition" has the meaning given by regulation 7;

"information reporting date", in relation to an accounting period, means the date 6 months after the end of the accounting period;

"non-close condition" has the meaning given by regulation 8;

"non-UK property assets condition" has the meaning given by regulation 11;

(**a**) 1992 c. 12. Section 103C was added by section 36(3) of the Finance Act 2012 (c. 14). Schedule 5AAA was added by paragraph 21 of Schedule 1 to the Finance Act 2019 (c. 1). Section 1C defines what is meant by "UK land" and an "interest in UK land". Section 288 defines what is meant by "the tribunal".

(**b**) 2017 c. 32. Section 71 defines what is meant by "CAA 2001" and "ITTOIA 2005".

(**c**) 2024 c. 12. Section 20 defines what is meant by a "Reserved Investor Fund (Contractual Scheme)" (or "RIF"), "HMRC", "authorised co-ownership scheme" and "co-ownership scheme". Section 25 defines what is meant by "CTA 2009", "CTA 2010" and "TCGA 1992" and provides that "FA" followed by a year is a reference to the Finance Act for that year.

(**d**) S.I. 2009/3001; relevant amending instruments are S.I. 2011/1211, 2013/1411 and 2017/240.

(**e**) 2000 c. 8. Relevant amendments were made by S.I. 2013/1388

"the operator", in relation to a co-ownership scheme, has the meaning given by section 237(2) of FISMA 2000 (see paragraph (aa) of that definition)(**a**);

"ownership requirement" has the meaning given by regulation 5(4);

"participant", in relation to a co-ownership scheme, has the meaning given by section 235 of FISMA 2000;

"qualifying conditions" has the meaning given by regulation 5(3);

"restriction conditions" has the meaning given by regulation 10(2);

"restriction requirement" has the meaning given by regulation 10(1);

"UK-based condition" has the meaning given by regulation 6;

"UK property rich condition" has the meaning given by regulation 12.

(2) In this Part, a reference to an asset, or any other interest, of, or belonging to, a co-ownership scheme (however expressed) is a reference to an asset, or any other interest, that is subject to the scheme.

Chapter 2

Becoming a RIF

Timing: becoming a RIF

3.—(1) Where a co-ownership scheme meets, or is treated as meeting, the qualifying conditions on the date specified in the entry notice, the scheme is a RIF from that date.

(2) A co-ownership scheme that is not a scheme to which regulation 28 applies may begin operating as a RIF and will be treated as a RIF for the purposes of these Regulations, providing that—

(a) an entry notice is submitted to HMRC by the operator of the scheme within 3 months of the day on which the scheme began to operate as a RIF, and

(b) subject to any declaration the operator of the scheme intends to make under regulation 9 or 13, the scheme meets the qualifying conditions on the day it begins to operate as a RIF.

Entry notices: general

4.—(1) An "entry notice" means a notice given to HMRC by the operator of a co-ownership scheme, setting out—

(a) the name of the scheme,

(b) the date from which the scheme is a RIF,

(c) a declaration—

(i) in the case of a notice in which the date specified for the purposes of sub-paragraph (b) is a date before the submission of the notice, that on that date the scheme met the qualifying conditions and continues to meet those conditions, subject to any declaration under regulation 9 or 13;

(ii) in the case of a notice in which the date specified for the purposes of sub-paragraph (b) is a date on or after the submission of the notice, that the operator of the scheme

(**a**) Relevant amendments were made to section 237(2) by S.I. 2011/1613, 2013/1388, 2019/325 and paragraph 5 of Schedule 22 to the Financial Services Act 2021 (c. 22).

intends and reasonably expects that on that date the scheme will meet the qualifying conditions, subject to any declaration under regulation 9 or 13,

(d) which one or more restriction conditions are, or will be, met by the scheme, and

(e) a declaration that the operator of the scheme intends and reasonably expects that the scheme will be a RIF until such time as it is wound up or converted to an authorised co-ownership scheme.

(2) An entry notice may be made at any time—

(a) on or before the date specified in the notice for the purposes of paragraph (1)(b), or

(b) before the end of the period of 3 months beginning with that date, providing the scheme is not a scheme to which regulation 28 applies.

(3) An entry notice may not be made in respect of a scheme which has been given a notice in accordance with—

(a) regulation 23,

(b) regulation 24(1)(a) or (b), unless the information required under regulation 37 has been submitted to HMRC, or

(c) regulation 24(1)(c) or (d).

(4) The date included in an entry notice by virtue of paragraph (1)(b) may not be before the day on which these Regulations come into force.

Chapter 3

Qualifying conditions

Qualifying conditions

5.—(1) Paragraph (2) sets out the conditions(**a**) that a co-ownership scheme must meet in order to be a RIF.

(2) Those conditions are that—

(a) the scheme is UK-based (see regulation 6),

(b) the scheme meets the ownership requirement, and

(c) the scheme meets the restriction requirement (see regulation 10).

(3) In these Regulations, the conditions in section 20(1)(a) to (c) of F(No.2)A 2024 and those in paragraph (2) are, together, referred to as the "qualifying conditions".

(4) The "ownership requirement" is met at any time that the scheme meets either the genuine diversity of ownership condition (see regulation 7) or the non-close condition (see regulation 8).

A UK-based scheme

6. A co-ownership scheme is UK-based if—

(a) the operator and depositary of the scheme are bodies corporate incorporated in the United Kingdom,

(b) the operator and depositary of the scheme both have a place of business in the United Kingdom from where they administer the co-ownership scheme, and

(**a**) Other conditions that a co-ownership scheme must meet are set out in section 20(1)(a) to (c) of F(No.2)A 2024.

(c) the deed setting out the arrangements which constitute the scheme(**a**) is made under and governed by the law of England and Wales, Scotland or Northern Ireland and contains a statement to that effect.

Genuine diversity of ownership condition

7.—(1) A co-ownership scheme, including one which is part of multi-vehicle arrangements, meets the genuine diversity of ownership condition at any time that the scheme and, where applicable, the arrangements meet—

(a) each of the conditions in regulation 75(2), (3) and (4)(a) of the 2009 Regulations, or

(b) the conditions in regulation 75(5) of those Regulations, and for the purposes of this sub-paragraph the condition in regulation 75(4)(b) is treated as being omitted.

(2) The fact that the capacity of a co-ownership scheme, or multi-vehicle arrangements, to receive investments is limited does not prevent regulation 75(3) of the 2009 Regulations from being met for the purposes of this regulation.

(3) But paragraph (2) does not apply if—

(a) the limited capacity of the co-ownership scheme, or the multi-vehicle arrangements, to receive investments is fixed by the documents of the scheme, or the arrangements or otherwise, and

(b) a pre-determined number of specific persons, or specific groups of connected persons, make investments in the scheme, or the arrangements, that collectively exhausts all, or substantially all, of that capacity.

(4) The 2009 Regulations have effect for the purposes of this paragraph as if references in those Regulations to a fund were references to a co-ownership scheme and included—

(a) references to multi-vehicle arrangements, and

(b) references to a co-ownership scheme which is not an offshore fund.

(5) In this regulation—

(a) the further provisions in regulation 76 of the 2009 regulations apply for the purposes of this regulation;

(b) terms used in both paragraphs (2) and (3) and in regulation 76 of the 2009 Regulations have the meanings they have in that regulation;

(c) "collective investment schemes" has the meaning given by section 235 of FISMA 2000;

(d) "multi-vehicle arrangements" means arrangements comprising two or more collective investment schemes under which an investor in one of those schemes would reasonably regard that investment as an investment in the arrangements as a whole rather than exclusively in any particular scheme.

Non-close condition

8.—(1) A co-ownership scheme meets the non-close condition at any time that were it a company—

(a) it would not be a close company in accordance with the rules in Chapter 2 of Part 10 of CTA 2010(**b**), or

(**a**) The requirement for a deed to set out the arrangements of the scheme is set out in section 235A(3) of FISMA 2000.
(**b**) Relevant amendments were made by paragraph 156 of Schedule 4 to the Co-operative and Community Benefit Societies Act 2014 (c. 14).

(b) it would be a close company, but only because it has a qualifying investor as a direct participator or indirect participator.

(2) For the purposes of considering whether a co-ownership scheme meets the non-close condition under paragraph (1), the rules in Chapter 2 of Part 10 of CTA 2010 are to be applied as if—

(a) the scheme were a company,

(b) the rights of the participants in the scheme were shares in the company, and

(c) the modifications to the rules set out in paragraphs (a) to (e) of paragraph 46(2) of Schedule 5AAA to TCGA 1992(**a**) applied, but as if the reference in paragraph (e) to the greater part of the voting power were a reference to 50% or more of the voting power.

(3) In paragraph (1)(b), the following terms have the meaning given by paragraph 46 of Schedule 5AAA to TCGA 1992(**b**)—

(a) "direct participator";

(b) "indirect participator";

(c) "qualifying investor".

Ownership requirement treated as met for initial period

9.—(1) A co-ownership scheme that has not previously been a RIF is to be treated for the purposes of these Regulations as meeting the ownership requirement where the entry notice for that scheme—

(a) includes a declaration that the scheme is relying on this regulation,

(b) includes a declaration that the operator of the scheme intends and reasonably expects that the scheme will meet the ownership requirement before the end of a period of 12 months ("the 12 month period") beginning with the date referred to in regulation 4(1)(b), and

(c) sets out the steps that the operator of the scheme has taken, or will take, in order to meet that qualifying condition.

(2) A co-ownership scheme may not rely on this regulation after the earlier of—

(a) the end of the 12 month period,

(b) the beginning of the day on which it becomes apparent to the operator of the scheme that there is no reasonable expectation of the scheme meeting the ownership requirement within the 12 month period, or

(c) the date on which the scheme meets the ownership requirement.

(3) Where paragraph (2)(b) applies, the operator of the scheme must notify HMRC of that fact within a period of 30 days, beginning with the day on which that paragraph applies.

Restriction requirement

10.—(1) A co-ownership scheme meets the restriction requirement at any time when it meets one or more of the restriction conditions.

(2) The "restriction conditions" are—

(a) the non-UK property assets condition (see regulation 11);

(b) the UK property rich condition (see regulation 12);

(**a**) Relevant amendments were made by S.I. 2020/315.
(**b**) Relevant amendments were made by paragraph 4 of Schedule 7 to the Finance Act 2024 (c. 3).

(c) the exempt investor condition (see regulation 14).

Non-UK property assets condition

11.—(1) A co-ownership scheme meets the non-UK property assets condition if—

(a) it has no assets which are interests in UK land, and

(b) it has no assets that derive 75% or more of their value from UK land, ignoring an asset falling within paragraph (2).

(2) An asset falls within this paragraph if—

(a) it is held by a scheme which meets the non-UK real estate condition,

(b) it is an interest or right in a collective investment vehicle which—

(i) is a company, or is assumed to be a company under paragraph 4 of Schedule 5AAA to TCGA 1992 for the purposes of that Schedule, and

(ii) is UK property rich, and

(c) the interest or right does not constitute a 10% investment in that vehicle.

(3) A scheme meets the non-UK real estate condition at any time if, by reference to the prospectus for the scheme as it has effect at that time, less than 10% of the expected market value of the scheme's investments is intended to be derived from investments consisting of rights or interests in companies which are UK property rich.

(4) Part 2 of Schedule 1A to TCGA 1992(**a**) applies for the purpose of determining whether a co-ownership scheme has an asset that derives 75% or more of its value from UK land for the purposes of paragraph (1)(b), but for those purposes references to the time of the disposal are to be read as if they were references to the time at which the determination is being made.

(5) In determining for the purposes of paragraph (2)(c) whether an interest or right constitutes a 10% investment in a vehicle, the rule in paragraph 9 of Schedule 1A to TCGA 1992 is to be applied, but for this purpose—

(a) paragraph 10 of that Schedule is to be ignored, and

(b) references to 25% are to be taken as references to 10%.

(6) In this regulation—

(a) "collective investment vehicle" has the meaning given by paragraph 1 of Schedule 5AAA to TCGA 1992(**b**);

(b) "prospectus", in relation to a scheme, means any document (however described) which is made available to participants or potential participants and which sets out descriptions of the investments to be made, or intended to be made, by the scheme;

(c) "UK property rich" has the meaning given by paragraph 3 of Schedule 5AAA to TCGA 1992(**c**).

UK property rich condition

12.—(1) A co-ownership scheme meets the UK property rich condition—

(a) if it is UK property rich for the purposes of Schedule 5AAA to TCGA 1992, and

(b) if the scheme relies on meeting the non-close condition for the purposes of qualifying as a RIF, it also meets the UK tax condition.

(**a**) Schedule 1A was inserted by paragraph 14 of Schedule 1 to the Finance Act 2019.
(**b**) Relevant amendments were made by S.I. 2020/315.
(**c**) Relevant amendments were made by S.I. 2020/315.

(2) A co-ownership scheme meets the UK tax condition if, were it a company, it would meet the UK tax condition in paragraph 13(7) of Schedule 5AAA to TCGA 1992, applying those rules as if—

(a) the scheme were a company, and

(b) the rights of participants in the scheme were shares in the company.

UK property rich condition treated as met for initial period

13.—(1) A co-ownership scheme that does not fall within paragraph (5) is to be treated for the purposes of these Regulations as meeting the UK property rich condition where the entry notice for that scheme—

(a) includes a declaration that the scheme is relying on this regulation,

(b) includes a declaration that the operator of the scheme intends and reasonably expects that the scheme will meet that condition before the end of a period of 12 months ("the 12 month period") beginning with the date referred to in regulation 4(1)(b), and

(c) sets out the steps that the operator of the scheme has taken, or will take, in order to meet that condition.

(2) A co-ownership scheme may not rely on this regulation after the earlier of—

(a) the end of the 12 month period,

(b) the beginning of the day on which it becomes apparent to the operator of the scheme that there is no reasonable expectation of the RIF meeting the UK property rich condition within the 12 month period, or

(c) the date on which the scheme meets the UK property rich condition or another restriction condition.

(3) Where paragraph (2)(b) applies, the operator of the scheme must notify HMRC of that fact within a period of 30 days, beginning with the day on which that paragraph applies.

(4) This regulation is treated as having never applied in relation to the scheme if a prohibited repayment of capital is made to a participant in the scheme at a time—

(a) which is within the 12 month period, and

(b) when, ignoring this regulation, the scheme would not meet the UK property rich condition.

(5) A co-ownership scheme falls within this paragraph if the scheme—

(a) has previously been a RIF,

(b) has previously been an authorised contractual scheme, or

(c) has participants that have been issued with units in the scheme in return for consideration other than money.

(6) In paragraph (4), a "prohibited repayment of capital" means a payment, or accrual of an entitlement to a payment, from the assets of the scheme—

(a) which represents, in substance, value derived (directly or indirectly) from a direct disposal of UK land or from the UK land component of an indirect disposal of UK land,

(b) the amount of which does not fall to be taken into account for the purposes of income tax or corporation tax on income, and

(c) some or all of the value which is represented by the amount does not fall to be taken into account for the purposes of income tax or corporation tax on income.

(7) In paragraph (6)—

(a) "direct disposal of UK land" and "indirect disposal of UK land" have the meanings given by paragraph 47(2) of Schedule 5AAA to TCGA 1992(**a**);

(b) "the UK land component" has the meaning given by paragraph 21(4) of Schedule 5AAA to TCGA 1992.

Exempt investor condition

14.—(1) A co-ownership scheme meets the exempt investor condition at any time that all of its participants are exempt from tax on gains.

(2) A participant is exempt from tax on gains if—

(a) any gain accruing in the event of a disposal of the participant's units would be wholly exempt from capital gains tax or corporation tax (otherwise than by reason of residence), or

(b) the participant holds all of their units pending disposal in their capacity as operator of the scheme.

(3) For the purposes of paragraph (2)(a), no account is to be taken of the possibility of a charge to corporation tax on income in respect of a gain accruing on a disposal of a unit by an insurance company, or a friendly society, where throughout the time that the company or society holds the unit—

(a) the company, or society, carries on life assurance business and the unit is an asset which, applying the rules in section 138 of FA 2012(**b**), is wholly matched to a liability of that business that is not BLAGAB, or

(b) the company, or society, carries on long-term business none of which is BLAGAB and the unit is an asset held for the purposes of that business.

(4) In paragraph (3)—

(a) the following terms have the meaning they have in Part 2 of FA 2012(**c**)—

(i) "insurance company";

(ii) "life assurance business";

(iii) "long-term business";

(iv) "BLAGAB";

(b) "friendly society" has the meaning it has in section 172(1) of that Act.

Chapter 4

Changes in qualifying conditions and breaches of qualifying conditions

Change in restriction conditions met

15.—(1) The operator of a RIF must notify the participants in the RIF and HMRC if there is a change in which of the restriction conditions the RIF relies on meeting within a period of 30 days beginning with the day on which the change occurs.

(2) Paragraph (3) applies where—

(a) a co-ownership scheme's status as a RIF depends on it meeting the UK property rich condition,

(b) the scheme ceases to meet that condition, and

(**a**) Schedule 5AAA was inserted by paragraph 21 of Schedule 1 to the Finance Act 2019 (c. 1).
(**b**) 2012 c. 14.
(**c**) Relevant amendments were made by S.I. 2019/689.

(c) on ceasing to meet that condition at that time, the scheme meets the non-UK property assets condition.

(3) Each participant in the RIF is deemed for the purposes of TCGA 1992 to, immediately before the RIF ceases to meet the UK property rich condition, have—

(a) sold their units in the RIF, and

(b) reacquired those units,

at their market value at that time.

(4) The operator of a RIF must notify each participant in the RIF of any deemed disposal of the participant's units in the RIF under paragraph (3) within the period of 30 days beginning with the day on which the RIF ceased to meet the UK property rich condition.

Breach of ownership requirement: opportunity to rectify etc

16.—(1) Where a RIF breaches the ownership requirement it will be treated for the purposes of these Regulations as if it continued to meet that requirement until the earlier of—

(a) the end of a period of 9 months ("the 9 month period"), beginning with the day on which the breach occurred, or

(b) the beginning of the day on which it becomes apparent to the operator of the RIF that there is no reasonable expectation of the RIF rectifying the breach by the end of the 9 month period.

(2) Where paragraph (1)(b) applies, the operator of the RIF must notify HMRC of that fact within the period of 30 days, beginning with the day on which that paragraph applies.

(3) Paragraph (4) applies where the breach is rectified—

(a) before the end of the 9 month period, but

(b) more than 30 days after the date on which the breach occurred.

(4) Where this paragraph applies, each participant in the RIF is deemed for the purposes of TCGA 1992 to, immediately before the time of the breach, have—

(a) sold their units in the RIF, and

(b) reacquired those units,

at their market value at that time.

(5) The operator of the RIF must notify each participant in the RIF of any deemed disposal of the participant's units in the RIF under paragraph (4) within the period of 30 days, beginning with the day the breach was rectified.

Multiple breaches of ownership requirement within 12 month period

17. Where a RIF breaches the ownership requirement five or more times in any period of 12 months, regulation 16 applies in relation to the fifth breach, and to any further breach in that period, as if sub-paragraph (b) of paragraph (3) were omitted.

Breach of restriction requirement: opportunity to rectify etc

18.—(1) This regulation applies where—

(a) a RIF breaches the restriction requirement, and

(b) regulation 19 does not apply.

(2) The RIF will be treated for the purposes of these Regulations as if it continued to meet the restriction requirement until the earlier of—

(a) the end of a period of 9 months ("the 9 month period") beginning with the day on which the breach occurred, or

(b) the beginning of the day on which it becomes apparent to the operator of the RIF that there is no reasonable expectation of the RIF rectifying the breach by the end of the 9 month period.

(3) Where paragraph (2)(b) applies, the operator of the RIF must notify HMRC of that fact within a period of 30 days, beginning with the day on which it applies.

(4) Where the RIF rectifies the breach by the end of the 9 month period, each participant in the RIF is deemed for the purposes of TCGA 1992 to, immediately before the time of the breach, have—

(a) sold their units in the RIF, and

(b) reacquired those units,

at their market value at that time.

(5) The operator of the RIF must notify each participant in the RIF of any deemed disposal of the participant's units in the RIF under paragraph (4) within the period of 30 days beginning with the day on which the breach was rectified.

(6) Where the breach of the restriction requirement is by virtue of the RIF ceasing to meet the exempt investor condition and the operator of the RIF has taken reasonable steps to monitor compliance with that condition, this regulation applies as if "the 9 month period" meant the period of 9 months beginning with the day on which the operator of the RIF first became aware of the breach.

Winding up of a RIF that is UK property rich

19.—(1) This regulation applies where—

(a) a RIF ceases to meet the UK property rich condition at a time when the operator of the RIF is taking steps with a view to disposal of all the assets of the RIF so that it can be wound up, and

(b) the RIF does not meet any of the other restriction conditions.

(2) Each participant in the RIF is deemed, for the purposes of TCGA 1992 to, immediately before the time that the RIF ceases to meet the UK property rich condition, have—

(a) sold their units in the RIF, and

(b) reacquired those units,

at their market value at that time.

(3) The operator of the RIF must notify the participants in the RIF of any deemed disposal of their units in the RIF under paragraph (2) within the period of 30 days beginning with the day on which the RIF ceased to meet the UK property rich condition.

(4) For the purposes of these Regulations the RIF is otherwise to be treated as if it continued to meet the UK property rich condition for a period ("the winding up period") of two years beginning with the day on which the RIF ceased to meet the UK property rich condition, and including any extension of that period under this regulation.

(5) The winding up period may be extended where the operator of the RIF makes an application to HMRC which must—

(a) be made no earlier than 60 days, and no later than 30 days, before the end of the winding up period,

(b) set out the further period for which the winding up period should be extended, and

(c) set out the steps the operator of the RIF will take to wind up the scheme within that further period.

(6) The application will be treated as granted unless an officer of HMRC gives a notice ("a refusal notice") to the operator of the RIF within a period of 30 days, beginning with the day on which the application was received by HMRC.

(7) A refusal notice must give the officer's reasons for the decision and may—

(a) refuse to extend the winding up period, or

(b) agree to such extension of the winding up period as the officer thinks is reasonable.

(8) The operator of a RIF may bring an appeal against a refusal notice.

(9) The appeal must be made by notice given to HMRC within the period of 30 days beginning with the day on which the refusal notice was given to the operator of the RIF.

(10) Where a notice is given to HMRC, the winding up period is treated as continuing until the appeal is determined or withdrawn.

(11) On an appeal that is notified to the tribunal, the tribunal must determine whether it was just and reasonable for the officer to give the refusal notice.

(12) The tribunal may affirm, vary or quash the notice.

Chapter 5

Ceasing to be a RIF

Causes and timing

20. Where a RIF ceases to be a RIF by virtue of ceasing to meet one or more of the qualifying conditions, the RIF ceases to be a RIF from the beginning of the first day on which it ceases to meet one or more of those conditions.

Breach of qualifying conditions: requirement to notify HMRC

21.—(1) Where a RIF breaches one or more qualifying conditions and as a result ceases to be a RIF, the operator of the RIF must notify HMRC in accordance with this regulation.

(2) Notice in respect of a breach of a qualifying condition in section 20(1)(a) to (c) of F(No.2)A 2024 or the UK-based condition must specify—

(a) the qualifying condition that the RIF has breached, and

(b) the date on which the breach occurred.

(3) Notice in respect of a breach of the ownership requirement or restriction requirement must specify—

(a) if the ownership requirement was breached, whether the RIF ceased to meet the genuine diversity of ownership condition or the non-close condition,

(b) if the restriction requirement was breached, the restriction condition that the RIF ceased to meet, and

(c) the date on which the breach occurred.

(4) A notice under this regulation must be given before the end of the period of 30 days beginning—

(a) in respect of a breach mentioned in paragraph (2), with the date on which the breach occurred,

(b) in respect of a breach mentioned in paragraph (3), with the date on which the 9 month period in relation to the breach came to an end.

(5) The operator of a RIF is not required to give notice in respect of a breach of a qualifying condition if, in relation to the breach, the operator has given a notice under regulation 9(3), 13(3), 16(2) or 18(3).

(6) In paragraph (4), "9 month period"—

(a) in relation to a breach of the ownership requirement, has the meaning it has in regulation 16;

(b) in relation to a breach of the restriction requirement, has the meaning it has in regulation 18.

Exit notices

22.—(1) The operator of a RIF may give an exit notice for the purpose of the scheme ceasing to be a RIF.

(2) An "exit notice" means a notice given to HMRC setting out—

(a) the date from which the scheme is to be treated as having ceased to be, or will cease to be, a RIF, and

(b) the reasons for the operator of the RIF's decision that the scheme is to be treated as having ceased to be, or will cease to be, a RIF.

(3) An exit notice may be made at any time—

(a) prior to the date specified in the notice for the purposes of paragraph (2)(a), or

(b) before the end of the period of 3 months beginning with that date.

(4) The RIF will cease to be, or be treated as having ceased to be, a RIF from the beginning of the date specified in the exit notice.

Relevant declarations in entry notice

23.—(1) This regulation applies where—

(a) a RIF ceases to be a RIF as a result of ceasing to meet a qualifying condition or an exit notice being given in relation to the scheme, and

(b) the RIF has been a RIF for a continuous period of less than two years at the time that it ceases to be a RIF.

(2) A designated HMRC officer must determine that the RIF is to be treated as if the entry notice had never been given in relation to it where—

(a) a relevant declaration was made by an operator of a RIF in the entry notice given in relation to the RIF, and

(b) the designated HMRC officer has reasonable grounds to believe that the operator of the RIF—

(i) did not have the intention referred to in the declaration, or

(ii) could not reasonably have had the expectation referred to in the declaration.

(3) Where a determination under paragraph (2) is made, this does not affect any penalties imposed under regulation 40.

(4) Where a determination under paragraph (2) is made for a scheme to which regulation 28 applied—

(a) the determination does not affect any land transaction treated as occurring under that regulation,

(b) a land transaction which is the acquisition of chargeable interests by the participants in the scheme from the scheme is treated as occurring on the date the determination was made,

(c) any consideration in respect of the land transaction is disregarded for the purposes of paragraph 1 of Schedule 4 to FA 2003(**a**),

(d) paragraph 8 of Schedule 4 to FA 2003(**b**) does not apply to the land transaction, and

(e) the land transaction is not a notifiable transaction within the meaning given by section 77 FA 2003(**c**).

(5) A determination under paragraph (2) must be made by notice given by the designated HMRC officer to the operator of the RIF.

(6) A notice under paragraph (5) must include—

(a) the date of the determination, and

(b) the reasons for the determination.

(7) The operator of the RIF must notify each participant in the RIF of any determination under paragraph (2) within the period of 30 days beginning with the day on which the notice under paragraph (5) was given to the operator.

(8) The operator of the RIF may bring an appeal against a determination under paragraph (2).

(9) The appeal must be made by notice given to HMRC within the period of 30 days beginning with the day on which the notice of the determination was given to the operator of the RIF.

(10) Where a notice is given to HMRC, the scheme is to be treated as if the determination under paragraph (2) had not been made until the appeal is determined or withdrawn.

(11) On an appeal that is notified to the tribunal, the tribunal must determine whether the designated HMRC officer had reasonable grounds to make the determination.

(12) The tribunal may affirm or quash the determination.

(13) In this regulation—

"chargeable interests" has the meaning given by regulation 28(6)(a);

"designated HMRC officer" means an officer of HMRC who has been designated by the Commissioners for HMRC for the purposes of this regulation;

"relevant declaration" means a declaration under regulation 4(1)(e), 9(1)(b) or 13(1)(b).

Cessation notice

24.—(1) A notice ("a cessation notice") must be given to the operator of a RIF by—

(a) an officer of HMRC if the operator of the RIF fails, without reasonable excuse, to provide information required under regulation 37 to HMRC before the end of a period of 6 months ("the 6 month period") beginning with the day after the information reporting date,

(b) an officer of HMRC if the operator of the RIF provides information required under regulation 37 to HMRC within the 6 month period, but—

(i) the operator does not have a reasonable excuse for failing to provide the information on or before the information reporting date, and

(**a**) Paragraph 1 was amended by paragraph 4 of Schedule 1 to the Corporation Tax Act 2010 (c. 4).
(**b**) Paragraph 8 was amended by section 301 of the Finance Act 2004 (c. 6) and the Scotland Act 2012 (c. 11).
(**c**) Section 77 was amended by section 94 of the Finance Act 2008 (c. 9), paragraph 17 of Schedule 3 to the Scotland Act 2012, paragraph 5 of Schedule 39 to the Finance Act 2013 (c. 29) paragraph 9 of Schedule 1 to the Stamp Duty Land Tax Act 2015 (c. 1).

(ii) the operator previously committed a minor breach of regulation 37,

(c) an officer of HMRC, if—

(i) the operator of the RIF fails to provide information required by a notice under regulation 38 to HMRC before the last day of the period of time specified for the purposes of that regulation, and

(ii) there has been no successful appeal against the notice.

(d) a designated HMRC officer, if the officer determines that it is reasonable to do so in order to safeguard the public revenue, or

(e) an officer of HMRC, if the officer of HMRC determines that a RIF has breached one or more qualifying conditions and the operator of the RIF has not given a notice under regulation 9(3), 13(3), 16(2), 18(3) or 21.

(2) A cessation notice must specify—

(a) the grounds for giving the notice, and

(b) for a notice given under paragraph (1)(d) or (e), the day from which the RIF is no longer a RIF, which may be a day earlier than the notice.

(3) Where a cessation notice is given under—

(a) paragraph (1)(a), (b) or (c) the RIF ceases to be a RIF from the beginning of the day on which the notice is given to the operator of the RIF;

(b) paragraph (1)(d) or (e), the RIF ceases to be a RIF from the beginning of the day specified in the notice.

(4) But a cessation notice under paragraph (1)(e) may not specify a day earlier than the first day of a period of 12 months ending with the date on which the notice was given.

(5) The operator of the scheme may bring an appeal against a cessation notice given under paragraph (1)(a), (b), (d) or (e) by giving a notice to HMRC within the period of 30 days beginning with the day on which the notice was given to the operator.

(6) Where a notice is given to HMRC, the RIF is to be treated as if the cessation notice had not been given until the appeal is determined or withdrawn.

(7) On an appeal that is notified to the tribunal, the tribunal must determine—

(a) for an appeal against a cessation notice given under paragraph (1)(a) or (b), whether the operator of the RIF had a reasonable excuse for the failure to provide required information;

(b) for an appeal against a cessation notice given under paragraph (1)(d), whether it was reasonable for the officer of HMRC to give the notice in order to safeguard the public revenue;

(c) for an appeal against a cessation notice given under paragraph (1)(e), whether the RIF has breached one or more of the qualifying conditions.

(8) The tribunal may affirm, vary or quash the cessation notice.

(9) In this paragraph—

"designated HMRC officer" means an officer of HMRC who has been designated by the Commissioners for HMRC for the purpose of giving cessation notices under paragraph (1)(d) of this regulation;

"minor breach" means that information required under regulation 37 was provided within the 6 month period.

Ceasing to be a RIF: deemed disposal of units

25.—(1) At any time that a RIF ceases to be a RIF, each participant in the RIF is deemed, for the purposes of TCGA 1992, to, immediately before that time, have—

(a) sold their units in the RIF, and

(b) reacquired those units,

at their market value at that time.

(2) But paragraph (1) does not apply to a RIF that meets the restriction condition in regulation 10(2)(a) or (c) and becomes an authorised co-ownership scheme.

(3) The operator of a RIF must notify each participant in the RIF of any deemed disposal of the participant's units under paragraph (1).

(4) Notice under paragraph (3) must be given by the end of the period of 30 days beginning with the later of—

(a) the day on which the scheme ceases to be a RIF, or

(b) the day on which a notice is given to the operator of the RIF by HMRC in accordance with regulation 24(1).

Gains accruing on deemed disposals

26.—(1) This regulation applies if a disposal of units in a RIF is deemed to have been made by a person at any time under regulations 15(3), 16(4), 18(4), 19(2) or, where the disposal has occurred because the RIF ceased to meet one or more of the qualifying conditions, 25(1).

(2) Any gain ("the deemed gain") accruing to the person on the deemed disposal is treated as accruing to the person in accordance with this regulation.

(3) If, at the time of the deemed disposal or a subsequent time, the person actually disposes of a unit in the scheme, the appropriate portion of the deemed gain is treated as accruing to the person at the time of the actual disposal.

(4) For this purpose "the appropriate portion" means the proportion which the consideration for the actual disposal bears to the amount of the deemed gain.

(5) If some of the deemed gain has accrued on one or more previous occasions, the appropriate portion is restricted so that, when added to the appropriate portion or portions on the previous occasion or occasions, it does not exceed 100%.

(6) In determining the appropriate proportion, so much, if any, of the consideration for the actual disposal as exceeds the amount of the deemed gain is to be ignored.

(7) The remainder of the deemed gain is treated as accruing to the person (unless the whole amount has already accrued)—

(a) where there is a deemed disposal under regulations 16(4), 18(4) or 19(2) at the earlier of—

(i) the RIF being wound up, or

(ii) the date in the exit notice given in relation to the RIF;

(b) where there is a deemed disposal under regulations 15(3) or, where the disposal has occurred because the RIF ceased to meet one or more of the qualifying conditions, 25(1) the earlier of—

(i) the end of the period of three years beginning with the time of the deemed disposal,

(ii) the RIF being wound up, or

(iii) the date in the exit notice given in relation to the RIF.

Chapter 6

SDLT consequences of becoming and ceasing to be a RIF

Interpretation of this Chapter

27. In this Chapter—

(a) "eligible co-ownership scheme" has the meaning given by regulation 29(1);

(b) "unauthorised contractual scheme" means a co-ownership scheme that is—

(i) not authorised for the purposes of FISMA 2000 by an authorisation order in force under section 261D(1) of that Act(**a**),

(ii) not a RIF, and

(iii) not an eligible co-ownership scheme;

(c) where an expression in this Chapter is defined in Part 4 of FA 2003 (stamp duty land tax)(**b**), it has the meaning given by that Part.

Land transaction upon unauthorised contractual scheme becoming a RIF

28.—(1) For the purposes of Part 4 of FA 2003, a land transaction is to be treated as having occurred at any time that an unauthorised contractual scheme with chargeable interests becomes a RIF.

(2) In such a case—

(a) the land transaction is the acquisition of chargeable interests by the RIF from the participants in the scheme,

(b) the effective date of the transaction is the date specified in the entry notice in relation to the RIF under regulation 4(1)(b),

(c) the chargeable consideration in respect of the transaction is the market value of the chargeable interests on that date, subject to the rest of this regulation, and

(d) paragraph 14 of Schedule 15 to FA 2003(**c**) will not apply to the land transaction.

(3) Paragraphs (4) and (5) apply in relation to cases where a RIF has previously been, and then ceased to be, a RIF before becoming a RIF as described in paragraph (1).

(4) If between the time at which the scheme becomes an unauthorised contractual scheme and the effective date of the land transaction mentioned in paragraph (1)—

(a) the scheme has not acquired any chargeable interests, and

(b) there has been no change to the participants in the scheme during that time,

there is no chargeable consideration in respect of the land transaction.

(5) If between the time that the scheme becomes an unauthorised contractual scheme and the effective date of the land transaction mentioned in paragraph (1)—

(a) the scheme has acquired chargeable interests, and

(b) there has been no change to the participants in the scheme,

the chargeable consideration in respect of the land transaction is the market value on the effective date of those chargeable interests acquired.

(6) For the purposes of this regulation—

(**a**) Section 261D was inserted by S.I. 2013/1388. Relevant amendments were made by S.I. 2018/696.
(**b**) Part 4 defines what is meant by "land transaction", "chargeable consideration", "chargeable interest" and "market value".
(**c**) Paragraphs 9 to 40 of Schedule 15 were substituted by paragraph 1 of Schedule 41 to the Finance Act 2004 (c. 4).

(a) the definition of "chargeable interests" in section 48 of FA 2003(**a**) is to be read as if it included an interest (a "PIP interest") in a property investment partnership within the meaning of paragraph 14(8) of Schedule 15 to that Act, and

(b) the market value of a PIP interest is to be calculated in accordance with paragraph (7) as at the time immediately before the land transaction is treated as occurring under paragraph (1).

(7) The market value of a PIP interest is to be calculated by the following steps:

Step 1

Calculate the partnership share represented by the PIP interest in accordance with paragraph 34(2) of Schedule 15 to FA 2003.

Step 2

Calculate the market value of the chargeable interests held at that time by or on behalf of the property investment partnership, or the members of the partnership, for the purposes of the partnership business,

Step 3

The market value of the PIP interest is the partnership share (calculated under step 1) of the market value of the chargeable interests (calculated under step 2).

Application of Part 4 of FA 2003 to a RIF that ceases to be a RIF and becomes an eligible co-ownership scheme

29.—(1) An "eligible co-ownership scheme" means a co-ownership scheme which—

(a) has ceased to be a RIF as a result of ceasing to meet a qualifying condition, but

(b) continues to—

(i) be UK-based (see regulation 6),

(ii) be an AIF, as defined by regulation 3 of the Alternative Investment Fund Managers Regulations 2013(**b**),

(iii) meet the conditions set out in section 261E(2) and (3) of FISMA 2000(**c**), and

(iv) not be an authorised co-ownership scheme.

(2) Part 4 of FA 2003 applies in relation to an eligible co-ownership scheme as if—

(a) the scheme were a company, and

(b) the rights of the participants were shares in the company.

(3) For the purposes of Part 5 of Schedule 9A to FA 2003(**d**), an eligible co-ownership scheme is not "non-resident" in relation to any chargeable transaction.

(4) Paragraphs (2) and (3) apply in relation to an eligible co-ownership scheme from the time that the scheme ceases to be a RIF until the earliest of the scheme—

(a) becoming a RIF,

(b) being wound up, or

(c) ceasing to meet one or more of the conditions in paragraph (1)(b).

(**a**) Relevant amendments were made by section 297 of, and paragraph 4 of Schedule 39 to, the Finance Act 2004 (c. 12), section 75 of the Finance Act 2007 (c. 11), section 29 of, and paragraph 4 of Schedule 3 to, the Scotland Act 2012 (c. 11), and section 16 of, and paragraph 3 of Schedule 2 to, the Wales Act 2014 (c. 29).

(**b**) S.I. 2013/1773, amended by S.I. 2019/328.

(**c**) Section 261E was inserted by S.I. 2013/1388.

(**d**) Schedule 9A was inserted by paragraph 5 of Schedule 16 to the Finance Act 2021 (c. 26).

(5) If an eligible co-ownership scheme is an eligible umbrella scheme then Part 4 of FA 2003 applies in relation to the scheme as it applies in relation to an umbrella scheme which is a co-ownership contractual scheme within the meaning of section 102A(2A) of FA 2003(**a**).

(6) An eligible co-ownership scheme is an eligible umbrella scheme if it meets the conditions set out in paragraphs (a) and (b) of subsection (3) of section 102A of FA 2003.

Land transaction upon RIF or eligible co-ownership scheme becoming unauthorised contractual scheme

30.—(1) For the purposes of Part 4 of FA 2003, a land transaction is to be treated as having occurred at any time that a RIF, or an eligible co-ownership scheme, becomes an unauthorised contractual scheme.

(2) In such a case—

(a) the land transaction is the acquisition of the chargeable interests of the scheme by the participants in the scheme, and

(b) the effective date of the transaction is the date on which the scheme ceases to be a RIF or an eligible co-ownership scheme and becomes an unauthorised contractual scheme.

(3) Paragraphs (6) and (7) of regulation 28 apply for the purposes of this regulation as if the reference in paragraph (6)(b) to "paragraph (1)" was a reference to paragraph (1) of this regulation.

Withdrawal of seeding relief: application to postpone payment of tax where appeal against relevant decisions

31.—(1) This regulation applies where—

(a) as a result of a relevant decision, relief from stamp duty land tax under paragraph 13 of Schedule 7A to FA 2003 (co-ownership scheme seeding relief)(**b**) is withdrawn in relation to a RIF, and

(b) the operator of the RIF appeals against the relevant decision.

(2) The operator of the RIF may apply by notice to HMRC to postpone the payment of tax chargeable as a result of the withdrawal of relief pending the determination of the appeal.

(3) An application under paragraph (2) must—

(a) be made before the end of the period for filing the further return required under section 81(1)(bb) of FA 2003(**c**) in respect of the withdrawal of relief ("the further return"), and

(b) include—

(i) the date, and any reference number, of the notice of the relevant decision,

(ii) the date that the appeal against the relevant decision was made, and

(iii) if the return has been filed, a copy of the further return.

(4) Paragraph 39(5), (7) and (8) and paragraph 40 of Schedule 10 to FA 2003(**d**) apply to an application to postpone the payment of tax under paragraph (2) as they apply in relation to an application to postpone the payment of tax under paragraph 39(1)(**e**) of that Schedule, as if the references to an appeal in paragraphs 39(8) and 40 were references to an appeal within the meaning of this regulation.

(**a**) See also subsections (3) to (6) of section 102A. Section 102A was inserted by paragraph 1 of Schedule 16 to the Finance Act 2016 (c. 24).
(**b**) Schedule 7A was inserted by paragraph 4 of Schedule 16 to the Finance Act 2016 (c. 24).
(**c**) Section 81(1)(bb) was inserted by paragraph 7 of Schedule 16 to the Finance Act 2016.
(**d**) Paragraph 39(5) and paragraph 40 were amended by S.I. 2009/56.
(**e**) Paragraph 39(1) was amended by S.I. 2009/56.

(5) In this regulation—

"appeal" means—

(a) in relation to a relevant decision which is a determination under regulation 23, an appeal under that regulation;

(b) in relation to a relevant decision which is a decision under regulation 24, an appeal under that regulation.

"relevant decision" means—

(a) a determination under regulation 23 that a RIF is to be treated as if an entry notice had never been given in relation to it;

(b) a decision under regulation 24 to give a cessation notice to the operator of a RIF.

Determination of application under regulation 31 and referral to tribunal

32.—(1) HMRC must determine an application under regulation 31 and notify the applicant of their decision before the end of the period of 30 days—

(a) beginning with the day on which the application was made, or

(b) if, in relation to the application, one or more notices have been given under Schedule 36 to FA 2008(**a**), beginning with the last day on which information must be provided under the last notice given.

(2) Any notice given under Schedule 36 to FA 2008 requiring further information in relation to the application must allow the operator at least 30 days from the date of issue of the notice to comply with it.

(3) An application may be refused by HMRC if—

(a) the conditions for making the application set out in regulation 31(1) are not met,

(b) the application does not comply with the requirements set out in regulation 31(3),

(c) the application, or information provided in connection with it, is incorrect,

(d) information in respect of the application required to be provided by a notice under Schedule 36 to FA 2008 is not provided within the time specified, or

(e) there are tax avoidance arrangements in relation to the transactions to which the withdrawal of seeding relief applies.

(4) Where the application is refused, the notice must set out—

(a) the grounds for the refusal, and

(b) the date by when the tax must be paid.

(5) Where an application is refused, the operator may refer the application for postponement to the tribunal within the period of 30 days beginning with the date of the document notifying HMRC's decision on the application.

(6) For the purposes of paragraph (3)(e), "arrangements" are tax avoidance arrangements in relation to a transaction if their main object, or one of their main objects, is the avoidance of liability to stamp duty land tax, and "arrangements" includes any scheme, agreement or understanding, whether or not legally enforceable.

(**a**) 2008 c. 9.

Chapter 7

Accounts

Beginning and end of accounting period

33.—(1) An accounting period of a RIF begins—

(a) on the date on which the scheme becomes, or is treated as having become, a RIF, or

(b) immediately after the end of the previous accounting period of the RIF.

(2) An accounting period of a RIF comes to an end on the first occurrence of any of the following—

(a) the date to which the scheme makes up its accounts,

(b) the end of the period of 18 months beginning with the day on which the accounting period began, or

(c) the date on which the scheme ceases to be, or is treated as having ceased to be, a RIF.

Preparation of accounts

34. The accounts of a RIF for an accounting period must be—

(a) prepared in accordance with the Investment Association's Statement of Recommended Practice for the Financial Statements of Authorised Funds published in May 2014, as amended from time to time (or any successor statement of recommended practice)(**a**), or its principles so far as they relate to determining revenue and capital, and

(b) audited as being so prepared by a person who—

(i) is eligible for appointment as a statutory auditor under Part 42 of the Companies Act 2006 (statutory auditors)(**b**), and

(ii) if appointed as a statutory auditor, would not be prohibited from acting by section 1214 of that Act (independence requirement).

Chapter 8

Information requirements

Information to be provided to participants

35.—(1) The operator of a RIF must in relation to each accounting period provide sufficient information to participants in the scheme to enable those participants to meet their tax obligations in the United Kingdom with respect to their interests in the scheme.

(2) The information provided must include details of any additional income treated as paid to participants on the information reporting date.

(3) The information must be provided on or before the information reporting date in relation to the accounting period in which the requirement for the information arose.

(**a**) Available at https://www.theia.org/industry-policy/guidelines/statement-recommended-practice-sorp. A person unable to access the documents electronically may access them by inspection free of charge at HMRC, 100 Parliament Street, London SW1A 2BQ.

(**b**) 2006 c. 46.

Information to be provided to other RIF or authorised co-ownership scheme

36.—(1) This regulation applies where an investment is made for the purposes of a RIF or authorised co-ownership scheme (the "investor scheme") through a different RIF (the "investee scheme").

(2) The operator of the investee scheme must in relation to each accounting period provide sufficient information to the operator of the investor scheme to enable that operator to meet its obligations under—

(a) regulation 35, where the investor scheme is a RIF, or

(b) regulation 4 of the Co-ownership Authorised Contractual Schemes (Tax) Regulations 2017(**a**), where the investor scheme is an authorised co-ownership scheme.

(3) The information must be provided on or before the information reporting date.

Information to be provided to HMRC

37.—(1) This regulation sets out the information which the operator of a RIF must provide to HMRC on or before the information reporting date in relation to each accounting period of the RIF.

(2) The operator must provide—

(a) the names and addresses of all the participants in the scheme;

(b) the number and classes of units held in the scheme by each participant at the end of the accounting period;

(c) the amount of income per unit for each class;

(d) any restriction conditions the RIF met during the accounting period.

(3) Where there is a deemed disposal under regulation 15(3), the operator must additionally provide the date of the deemed disposal to HMRC.

(4) Where regulation 16 or 18 applies, the operator must additionally provide—

(a) details of which qualifying condition was breached,

(b) the date on which the breach occurred,

(c) if the breach was rectified, the date on which this occurred, and

(d) the date of any deemed disposal under regulation 16(4) or 18(4).

(5) The operator of a RIF which met, or was treated as meeting, the UK property rich condition for all or any part of the accounting period must additionally provide—

(a) the total value of all disposals of assets made by the RIF at any time when it met the UK property rich condition during the period;

(b) the amount of the total difference between the gains and losses relating to the disposal of those assets computed in accordance with Part 2 of TCGA 1992;

(c) in relation to each participant in the RIF—

(i) the number of units in the RIF that the participant has disposed of during the period;

(ii) if the information is available to the operator, the value of those disposals, and

(iii) if the information is available to the operator, the difference between the gains and losses made by the participant on those disposals computed in accordance with Part 2 of TCGA 1992.

(**a**) S.I. 2017/1209.

(6) The operator of a RIF which meets the exempt investor condition must additionally provide—

(a) confirmation that all the participants in the RIF are, for that period, exempt from tax on gains (within the meaning of regulation 14), and

(b) confirmation that the operator has taken reasonable steps during the period to monitor their exemption.

(7) Where regulation 19 applies, the operator of a RIF must additionally provide—

(a) confirmation that regulation 19 applies, and

(b) the date on which the winding up period referred to in regulation 19 is expected to end.

Further information to be provided to HMRC

38.—(1) An officer of HMRC may by notice require the operator of a RIF to provide HMRC with—

(a) any information that the operator provided to the participants in the RIF at any time within 5 years prior to the notice being given;

(b) any information or documents the operator holds, or can obtain, that HMRC reasonably requires for the purposes of determining whether the RIF has met, or continues to meet, the qualifying conditions.

(2) The notice must specify that the information be provided within such period as the officer of HMRC considers reasonable, which must not be less than the period of 42 days beginning with the date on which the notice was issued.

(3) An officer of HMRC may by notice extend the period where the officer considers it is reasonable to do so.

(4) Where a notice under paragraph (1)(b) requests information or documents that relate only to an accounting period in respect of which information has been required to be reported to HMRC under regulation 37(1), the notice must be given to the operator of the RIF within a period of 12 months beginning with the information reporting date for that accounting period.

(5) The operator of the RIF may bring an appeal against—

(a) the requirement for information or documents specified in a notice under paragraph (1)(b);

(b) the amount of time given to provide the information in accordance with paragraph (2).

(6) The appeal must be made by notice given to HMRC within the period of 30 days beginning with the date on which the notice under paragraph (1) was issued.

(7) Where a notice is given to HMRC, the RIF is to be treated as if the notice under paragraph (1) had not been given until the appeal is determined or withdrawn.

(8) On an appeal that is notified to the tribunal, the tribunal must determine, as appropriate—

(a) whether it was just and reasonable for the officer of HMRC to require information under paragraph (1)(b);

(b) whether the amount of time given to provide the information under paragraph (2) was just and reasonable.

(9) The tribunal may vary, affirm or cancel the notice.

Chapter 9

Further provision about notices, information and applications

Further provision about notices, information and applications

39.—(1) A notice under these regulations is to be given in writing and HMRC may publish a notice in such manner as HMRC consider appropriate making further provision about—

(a) the content of notices given, and applications made, to HMRC under this Part, and

(b) the form and manner in which notices and information are to be given, and applications are to be made, to HMRC under this Part

(2) A notice published by HMRC under these Regulations may make different provision for different cases or different purposes.

Chapter 10

Penalties for failure to give information or notice

Penalties for failure to give information or notice

40.—(1) The operator of a RIF who fails, without reasonable excuse, to ensure that the accounts of the RIF are prepared in accordance with regulation 34 is liable to a penalty not exceeding £3,000.

(2) The operator of a RIF who fails, without reasonable excuse, to comply with a requirement to give information under regulation 35, 36 or 37 is liable to a penalty of £100 in respect of each failure.

(3) But in respect of multiple failures in connection with the same accounting period, the total amount of penalties imposed on an operator under paragraph (2) must not exceed £1,000.

(4) The operator of a RIF who fails, without reasonable excuse, to comply with a requirement to give information under regulation 38 is liable to a penalty not exceeding £3,000.

(5) The operator of a RIF who fails, without reasonable excuse, to comply with a requirement to give a notice under this Part is liable to a penalty not exceeding £3,000.

Chapter 11

Umbrella schemes: modification of this Part

Umbrella schemes: general

41.—(1) This Part applies in relation to umbrella co-ownership schemes and umbrella RIFs with the modifications set out in this Chapter.

(2) In this Chapter—

"sub-scheme" in relation to an umbrella co-ownership scheme or an umbrella RIF, means the arrangements constituting the scheme or RIF so far as they relate to a separate pool of property, and references to participants in relation to a sub-scheme are references to participants in those arrangements;

"umbrella co-ownership scheme" means a co-ownership scheme—

(a) which provides arrangements for the separate pooling of the contributions of the participants and the profits and income out of which payments are to be made to them, and

(b) under which the participants are entitled to exchange rights in one pool for rights in another;

"umbrella RIF" means an umbrella co-ownership scheme which is a RIF.

Umbrella schemes: restriction requirement

42.—(1) An umbrella co-ownership scheme meets the restriction requirement under regulation 10 at any time when each sub-scheme of the scheme meets at least one of the restriction conditions.

(2) Accordingly, references to a co-ownership scheme in regulations 11 to 14 are to be read as if they were references to a sub-scheme of the umbrella co-ownership scheme.

(3) Regulation 15 applies as if—

(a) it provided that an umbrella RIF's status as a RIF is unaffected by virtue of a change in which of the restriction conditions any of its sub-schemes meets at any time (so long as each sub-scheme continues to meet at least one of those conditions),

(b) paragraph (3) applied where—

(i) a RIF's status as such has at any time depended on one of its sub-schemes meeting the UK property rich condition,

(ii) the sub-scheme ceases to meet that condition at a particular time, and

(iii) on ceasing to meet that condition, it meets the non-UK property assets condition, and

(c) references to a RIF in paragraphs (1), (3) and (4) were references to the sub-scheme.

(4) Regulation 18 applies as if—

(a) the reference in paragraph (1) to a RIF breaching the restriction requirement were a reference to an umbrella RIF breaching the restriction requirement as a result of a sub-scheme (the "relevant sub-scheme") of the RIF ceasing to meet at least one of the restriction conditions,

(b) the deemed disposal of units under paragraph (4), were a deemed disposal of units in the relevant sub-scheme by the participants in that sub-scheme and the duty imposed on the operator by paragraph (5) to notify the participants of the deemed disposal is to be read accordingly, and

(c) the reference in paragraph (6) to a breach of the restriction requirement by virtue of a RIF ceasing to meet the exempt investor condition were a reference to a breach of the restriction requirement by an umbrella RIF by virtue of a sub-scheme of the RIF ceasing to meet the exempt investor condition.

Umbrella schemes: becoming a Reserved Investor Fund (Contractual Scheme)

43.—(1) Regulation 4 applies in relation to an umbrella co-ownership scheme as if the requirement in paragraph (1)(d) were a requirement to set out which restriction condition is met by each of the sub-schemes of the umbrella co-ownership scheme.

(2) Regulation 13 applies in relation to an umbrella co-ownership scheme as if it provided for the scheme to rely on the application of that regulation as modified below to enable a sub-scheme of the scheme to meet the UK property rich condition for the purposes of the scheme becoming a RIF (but see paragraph (4)).

(3) In such a case—

(a) regulation 13 applies as if references to "a co-ownership scheme" were references to a sub-scheme of an umbrella co-ownership scheme (except for those references that relate to an entry notice in relation to the scheme), and

(b) the requirements of paragraph (1) of regulation 13 apply as if references to "the scheme" in sub-paragraphs (a) to (c) were references to "the sub-scheme".

(4) An umbrella co-ownership scheme may not rely on regulation 13 in relation to a sub-scheme of the scheme if—

(a) the scheme has previously been a RIF (including an umbrella RIF),

(b) the scheme has previously been an authorised contractual scheme, or

(c) the sub-scheme has participants that have been issued with units in the sub-scheme in return for consideration other than money.

Umbrella schemes: ceasing to be a Reserved Investor Fund (Contractual Scheme)

44.—(1) Regulation 19 does not apply in relation to an umbrella RIF.

(2) But regulation 19 applies to a sub-scheme of an umbrella RIF where the sub-scheme ceases to meet the UK property rich condition, as if any reference in that regulation to RIF was a reference to sub-scheme of an umbrella RIF.

(3) Where regulation 19 applies to a sub-scheme of an umbrella RIF, regulation 26 applies as if the first reference to RIF in paragraph (1) and the reference to RIF in paragraph 7(a)(i) were a reference to sub-scheme of an umbrella RIF.

Umbrella schemes: additional notification requirements

45.—(1) The operator of an umbrella RIF must notify HMRC if—

(a) a sub-scheme of the RIF is wound up, or

(b) a new sub-scheme of the RIF is established.

(2) A notice—

(a) under paragraph (1) must be submitted to HMRC within a period of 30 days, beginning with the day on which the event in paragraph (1) occurred;

(b) under paragraph (1)(b) must additionally include which of the restriction conditions is met by the new sub-scheme.

Chapter 12

Investment in offshore funds

Interpretation: Chapter 12

46. In this Chapter "non-reporting fund", "reportable income", "reported income" and "reporting fund" have the same meanings as in the 2009 Regulations(**a**).

Investments in reporting offshore funds

47.—(1) This regulation applies if a RIF has made an investment for its purposes in a reporting fund.

(2) The excess, if any, of the reported income of the reporting fund in respect of the investment over the amount distributed by the reporting fund in respect of that investment is treated for income tax and corporation tax purposes as additional income of the participants in the RIF in proportion to their rights in the RIF.

(**a**) "Non-reporting fund" is defined in regulation 4(2), "reportable income" in regulation 63(4), "reported income" in regulation 92(2) and "reporting fund" in regulation 50 of those Regulations.

(3) If the reporting fund does not make a report available in accordance with regulation 90(5) of the 2009 Regulations—

(a) the operator of the RIF must estimate the amount of excess (if any) of the reportable income of the reporting fund in respect of the investment over the amount distributed by the reporting fund in respect of that investment, and

(b) the estimated amount is treated for income tax and corporation tax purposes as additional income of the participants in the RIF in proportion to their rights in the RIF.

(4) Where paragraph (3) applies, in the first accounting period in which the operator has sufficient information to accurately determine the amount of any excess estimated under that paragraph, the operator must make any necessary corrections by adjusting the estimated amount for that accounting period.

(5) The additional income is treated as arising on the information reporting date in respect of the accounting period in which the excess is treated as made under the 2009 Regulations.

Investments in non-reporting offshore funds: first case

48.—(1) This regulation applies if—

(a) a RIF has made an investment for its purposes in a non-reporting fund, and

(b) the conditions in paragraph (2) are met for an accounting period.

(2) The conditions are that—

(a) the RIF has access to the accounts of the non-reporting fund,

(b) the RIF has sufficient information about the non-reporting fund to enable it to prepare a computation of reportable income for the fund, and

(c) the RIF can reasonably expect to rely on continued access to that information for the period in which it will hold the investment in the fund.

(3) The amount that would be the excess, if any, of the reportable income of the non-reporting fund in respect of the investment over the amount distributed by the non-reporting fund in respect of that investment is treated for income tax and corporation tax purposes as additional income of the participants in the RIF in proportion to their rights in the RIF.

(4) The additional income is treated as arising on the information reporting date in respect of the accounting period to which the excess relates.

Investments in non-reporting offshore funds: second case

49.—(1) This regulation applies if a RIF has made an investment for its purposes in a non-reporting fund, but the conditions in regulation 48(2) are not met for an accounting period.

(2) The increase in fair value of the investment in the non-reporting fund in that period is treated for income tax and corporation tax purposes as additional income of the participants in the RIF in proportion to their rights in the RIF.

(3) Decreases in the fair value of that interest in earlier accounting periods may be set against the increase referred to in paragraph (2) to reduce the amount of the increase, but—

(a) not to below zero, and

(b) only to the extent that the decreases in fair value have not previously had the effect of reducing the amount of a fair value increase.

(4) The additional income is treated as arising on the information reporting date in respect of the accounting period in which the fair value increase arises.

(5) In this regulation "fair value" in relation to an interest in a non-reporting fund means the amount which, at the time the value is to be determined, is the amount for which the interest could be exchanged between knowledgeable and willing parties dealing at arm's length.

PART 3

Co-ownership contractual schemes: amendments to relevant legislation

Chapter 1

Finance Act 1986 and Finance Act 1999

Stamp duty reserve tax: exceptions

50. In section 90 of FA 1986(**a**)—

(a) in subsection (7B)—

(i) in paragraph (a)(i) for "an authorised" substitute "a co-ownership",

(ii) for paragraph (a)(ii) substitute—

"(ii) in relation to a co-ownership contractual umbrella scheme, on transfers between sub-schemes;", and

(iii) in paragraph (b) for "an authorised" substitute "a co-ownership";

(b) after subsection (7B) insert—

"(7BA) In subsection (7B) and this subsection—

"authorised contractual scheme" has the meaning given in section 237(3) of the Financial Services and Markets Act 2000(**b**);

"co-ownership contractual scheme" means—

(a) an authorised contractual scheme, or

(b) a Reserved Investor Fund (Contractual Scheme);

"co-ownership contractual umbrella scheme" means a co-ownership contractual scheme—

(a) which provides arrangements for separate pooling of the contributions of participants and of the profits or income out of which payments are to be made to them, and

(b) under which the participants are entitled to exchange rights in one pool for rights in another;

"depositary" has the meaning given in section 237(2) of the Financial Services and Markets Act 2000;

"Reserved Investor Fund (Contractual Scheme)" has the meaning given by section 20 of the Finance (No.2) Act 2024;

"sub-scheme", in relation to a co-ownership contractual umbrella scheme, means such of the arrangements as relate to a separate pool;

"units" has the meaning given in section 237(2) of the Financial Services and Markets Act 2000.";

(c) omit subsection (7C).

(**a**) 1986 c. 41. Subsections 7B and 7C were inserted by S.I. 2013/1401.

(**b**) 2000 c. 8. The definition of "authorised contractual scheme" was inserted by regulation 3(6)(c)(i) of S.I. 2013/1388. Section 261D(1) (which is referred to in that definition) was inserted by regulation 3(12) of those Regulations.

Stamp duty: exemptions

51. Paragraph 25A of Schedule 13 to FA 1999(**a**) is amended as follows—

(a) in sub-paragraph (1) in the words before paragraph (a) omit "on";

(b) in sub-paragraph (1)(a)—

(i) at the beginning insert "on", and

(ii) for "an authorised" substitute "a co-ownership";

(c) for paragraph (b) substitute—

"(b) in relation to a co-ownership contractual umbrella scheme, on transfers between sub-schemes;";

(d) in sub-paragraph (1)(c)—

(i) at the beginning insert "on", and

(ii) for "an authorised" substitute "a co-ownership";

(e) after sub-paragraph (1) insert—

"(1A) In sub-paragraph (1) and this sub-paragraph—

"authorised contractual scheme" has the meaning given in section 237(3) of the Financial Services and Markets Act 2000;

"co-ownership contractual scheme" means—

(a) an authorised contractual scheme, or

(b) a Reserved Investor Fund (Contractual Scheme);

"co-ownership contractual umbrella scheme" means a co-ownership contractual scheme—

(a) which provides arrangements for separate pooling of the contributions of participants and of the profits or income out of which payments are to be made to them, and

(b) under which the participants are entitled to exchange rights in one pool for rights in another;

"depositary" has the meaning given in section 237(2) of the Financial Services and Markets Act 2000;

"Reserved Investor Fund (Contractual Scheme)" has the meaning given by section 20 of the Finance (No.2) Act 2024;

"sub-scheme", in relation to a contractual umbrella scheme, means such of the arrangements as relate to a separate pool;

"units" has the meaning given in section 237(2) of the Financial Services and Markets Act 2000.";

(f) omit sub-paragraph (2).

Chapter 2

Taxation of Chargeable Gains Act 1992

Collective investment schemes

52.—(1) TCGA 1992(**b**) is amended as set out in this regulation and in regulations 53 and 54.

(**a**) 1999 c. 16. Paragraph 25A was inserted by S.I. 2013/1401.

(**b**) 1992 c. 12. Section 99A was added by section 118(3) of the Finance Act 2004 (c. 12) and amended by S.I. 2013/1400. Section 103B was inserted by paragraph 1 of Schedule 1 to the Finance Act 2019 (c. 1). Section 103D was substituted by S.I. 2017/1204 and amended by S.I. 2019/1087. Section 103E was inserted by S.I. 2013/1400. Section 211B was inserted by S.I. 2013/1400 and amended by S.I. 2017/1204. Relevant amendments to section 212 were made by paragraph

(2) In section 99A(6) (treatment of umbrella schemes), after paragraph (a) insert—

"(aa) a Reserved Investor Fund (Contractual Scheme),".

(3) In section 103D (application of Act to tax transparent funds)—

(a) in subsection (1), in the definition of "tax transparent fund"—

(i) at the end of paragraph (a) omit "or",

(ii) at the end of that paragraph insert—

"(aa) a Reserved Investor Fund (Contractual Scheme), or";

(b) in subsection (2)—

(i) at the end of the definition of "authorised contractual scheme" omit "and", and

(ii) after the definition of "co-ownership scheme" insert ", and

"Reserved Investor Fund (Contractual Scheme)" has the meaning given by section 20 of the Finance (No.2) Act 2024.".

(4) After section 103DB insert—

"103DC Co-ownership schemes which are to be treated as partnerships

(1) The assets of a co-ownership scheme, which is not a tax transparent fund or an offshore collective investment vehicle, are treated for the purposes of tax in respect of chargeable gains as held by the participants in the scheme as partners.

(2) Any dealings by the operator of a such a scheme are treated for those purposes as dealings by the participants in the scheme in partnership.

(3) If a participant is entitled to an allowance under Part 2A of CAA 2001 (structures and buildings allowances) by reference to expenditure in relation to their interest in such a scheme, that allowance is not to be disregarded for the purposes of the application of section 37B (exclusion of certain expenditure: structures and buildings allowances) in relation to a disposal of their interest.

(4) Where—

(a) expenditure has been made in respect of the assets of such a scheme, and

(b) a capital allowance or renewals allowance (within the meaning of section 41(4) or (5)) has been given to a participant in the scheme in relation to that expenditure,

the capital allowance or renewals allowance that was given to the investor is to be excluded from the sums allowable as a deduction in computing the amount of a loss accruing to the participant in relation to a disposal of their interest in the assets of the scheme.

(5) Subsections (6) and (7) apply for the purposes of this Act at any time that a co-ownership scheme, which is not a tax transparent fund or an offshore collective investment vehicle, becomes an authorised contractual scheme or a Reserved Investor Fund (Contractual Scheme) (a "relevant scheme").

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1 of Schedule 23 to the Finance Act 1993 (c. 34), section 137 of the Finance Act 2006 (c. 25), paragraph 1 of Schedule 27 to the Finance Act 2007 (c. 11), S.I. 2009/3001, paragraph 249 of Schedule 1 to the Corporation Tax Act 2010 (c. 4), paragraph 85 of Schedule 16 of the Finance Act 2012, S.I. 2013/1400 and paragraph 56(1) of Schedule 2 to the Finance Act 2022 (c. 3). Subsection 288(8) was amended by section 118(4)(b)(i) of the Finance Act 2004, paragraph 26(1) of Schedule 12 to the Finance Act 2006, paragraph 202 of schedule 8 to the Taxation (International and Other Provisions) Act 2010 (c. 8), paragraph 148(3)(b) of Schedule 45 to the Finance Act 2013 (c. 29), S.I. 2013/1400, S.I. 2017/1204 and paragraph 87(3) of Schedule 1 to the Finance Act 2019.

(6) Each participant in the co-ownership scheme is deemed to, immediately before the time that the scheme becomes a relevant scheme, have sold their interest in the assets held by the participants in the scheme as partners at its market value at that time.

(7) Each participant is treated as having acquired their units in the relevant scheme—

(a) at the time the co-ownership scheme becomes a relevant scheme, and

(b) at their market value at that time.

(8) For the purposes of this section, a participant's interest in the assets held by the participants of a co-ownership scheme as partners is a just and reasonable proportion of the assets having regard to the participant's units in the scheme.

(9) In this section—

"offshore collective investment vehicle" has the meaning it has in Schedule 5AAA (see paragraph 2 of that Schedule);

"tax transparent fund" has the meaning it has in section 103D.

(10) In subsection (1), the reference to the assets of a co-ownership scheme is a reference to assets which are subject to the scheme.".

(5) In section 103E(1) (application of Chapter), after paragraph (a) insert—

"(aa) a Reserved Investor Fund (Contractual Scheme),".

(6) In section 211B(1) (transfers of assets to certain collective investment schemes)—

(a) at the end of paragraph (a)(i) omit "or",

(b) after that paragraph insert—

"(ia) a Reserved Investor Fund (Contractual Scheme), or".

(7) In section 212 (annual deemed disposal of holdings of unit trusts etc.)—

(a) in subsection (1), after paragraph (ba) insert—

"(bb) units in a Reserved Investor Fund (Contractual Scheme), or", and

(b) after subsection (1) insert—

"(1A) For the purposes of computing the gain accruing on a deemed disposal under subsection (1) of units in an authorised contractual scheme which is a co-ownership scheme or of units in a Reserved Investor Fund (Contractual Scheme), subsections (3A) and (9) of section 103D (application of Act to tax transparent funds) do not apply.

(1B) But subsection (1A) does not affect the application of those subsections in the event of any other disposal of units in such a scheme by an insurance company, and in such a case—

(a) section 103D(3A) applies in respect of all allowances under Part 2A of CAA 2001 to which the company has been entitled during the period it has held units in the scheme, and

(b) section 103D(9) applies in respect of all capital allowances and renewal allowances that have been, or may be, made to expenditure incurred during that period.".

(8) In section 288(8) (interpretation), in the table, at the appropriate place insert—

""Reserved Investor Fund (Contractual Scheme)"	s 103D(2)".

Property rich collective investment vehicles

53.—(1) Schedule 5AAA to TCGA 1992(**a**) is amended as follows.

(2) In the italic heading before paragraph 5 for "a CoACS" substitute "certain co-ownership schemes".

(3) In paragraph 5(1) after "co-ownership scheme" insert ", or a Reserved Investor Fund (Contractual Scheme),".

(4) In paragraph 12—

(a) in sub-paragraph (3)(a) after "CoACS" insert "or a RIF",

(b) in sub-paragraph (4)(b) after "CoACS", in both places it occurs, insert "or RIF", and

(c) in sub-paragraph (8) after the definition of "CoACS" insert—

""RIF" means a Reserved Investor Fund (Contractual Scheme).".

(5) In paragraph 21(5)(a) after "CoACS", in both places it occurs, insert "or RIF".

(6) In paragraph 33(1)—

(a) after paragraph (a) insert ",

(aa) a RIF (within the meaning of paragraph 12) that meets the UK property rich condition in regulation 12 of the Co-ownership Contractual Schemes (Tax) Regulations 2025.", and

(b) in the words after paragraph (d), after "transparent fund," insert "the RIF,".

Exemptions for disposals by companies with substantial shareholding

54.—(1) Schedule 7AC to TCGA 1992(**b**) is amended as follows.

(2) In paragraph 3B (subsidiary exemption: qualifying institutional investors)—

(a) in sub-paragraph (4)(b)—

(i) the words from the first "as" to the end become sub-paragraph (i), and

(ii) after that sub-paragraph insert—

"(ii) as including an exempt Reserved Investor Fund (Contractual Scheme) (and references to ordinary share capital, in the case of such a scheme, as references to units in the scheme).";

(b) after sub-paragraph (6) insert—

"(6A) Sub-paragraph (6) does not apply in relation to a co-ownership scheme which is treated as a partnership under section 103DC (co-ownership schemes which are to be treated as partnerships).";

(c) for sub-paragraph (7), substitute—

"(7) In this Schedule—

"exempt Reserved Investor Fund (Contractual Scheme)" means a Reserved Investor Fund (Contractual Scheme) which meets the exempt investor condition in regulation 14 of the Co-ownership Contractual Schemes (Tax) Regulations 2025;

(**a**) Schedule 5AAA was added by paragraph 21 of Schedule 1 to the Finance Act 2019 (c. 1); relevant amendments were made by S.I. 2020/315 and 2021/213.

(**b**) Schedule 7AC was inserted by paragraph 1 of Schedule 8 to the Finance Act 2002 (c. 23). Paragraphs 3A, 3B and 30A of Schedule 7AC were inserted by section 28 of the Finance (No. 2) Act 2017 (c. 32).

"exempt unauthorised unit trust" has the same meaning as in regulation 3 of the Unauthorised Unit Trusts (Tax) Regulations 2013 (**a**).".

(3) In paragraph 30A(1) (meaning of qualifying institutional investor), at the end insert—

"(H) Exempt Reserved Investor Fund (Contractual Scheme)

Exempt Reserved Investor Fund (Contractual Scheme) (within the meaning given by paragraph 3B(7)).".

Chapter 3

Capital Allowances Act 2001

Plant and machinery allowances

55.—(1) Part 2 of CAA 2001(**b**) is amended as follows.

(2) In the italic heading before section 262AA omit "authorised".

(3) In section 262AA(1) and (4) (co-ownership schemes: carrying on qualifying activity) omit "authorised".

(4) Section 262AB (co-ownership schemes: election) is amended as follows—

(a) in subsection (1) omit "authorised";

(b) in subsection (3)(b) after "2017" insert "in the case of a co-ownership contractual scheme which is a co-ownership authorised contractual scheme, or the date on which the Co-ownership Contractual Schemes (Tax) Regulations 2025 come into force in the case of a co-ownership contractual scheme which is a Reserved Investor Fund (Contractual Scheme)";

(c) in subsection (5), after "262AEA" insert "in the case of a co-ownership authorised contractual scheme";

(d) after subsection (5) insert—

"(5A) An election under this section in respect of a Reserved Investor Fund (Contractual Scheme) continues unaffected for so long as the scheme is—

(a) a Reserved Investor Fund (Contractual Scheme),

(b) a co-ownership authorised contractual scheme, or

(c) an unauthorised co-ownership contractual scheme,

and the application of this Chapter in respect of the scheme is not affected by any change in the nature of the scheme so long as it remains of a type set out in paragraphs (a) to (c).".

(5) In section 262AC(1) and (4) (co-ownership schemes: calculation of allowance after election) omit "authorised".

(6) In section 262AD(1) (co-ownership: effect of election for participants) omit "authorised".

(7) In section 262AE(1) (co-ownership schemes: effect of election for purchasers) omit "authorised".

(8) Section 262AEA (co-ownership schemes: withdrawal of election) is amended as follows—

(a) in the heading, after "Co-ownership" insert "authorised contractual";

(**a**) S.I. 2013/2819.

(**b**) 2001 c. 2. Sections 262AA to 262AF were inserted by section 40 of the Finance (No. 2) Act 2017. Section 262AB was amended by S.I. 2019/1087. Section 262AEA was inserted by S.I. 2019/1087.

(b) in subsection (1)(a) for "the", the first time it occurs, substitute "a co-ownership authorised contractual".

(9) In section 262AF (co-ownership schemes: definitions relating to schemes)—

(a) in the definition of "operator" and "units" omit "authorised", and

(b) insert the following definitions in the appropriate places—

""co-ownership contractual scheme" means—

(a) a co-ownership authorised contractual scheme, or

(b) a Reserved Investor Fund (Contractual Scheme);";

""Reserved Investor Fund (Contractual Scheme)" has the meaning given by section 20 of F(No.2)A 2024;";

""unauthorised co-ownership contractual scheme" means a co-ownership scheme which is not a co-ownership contractual scheme;".

Structures and building allowances

56.—(1) Part 2A of CAA 2001(**a**) is amended as follows.

(2) In the italic heading before section 270IC omit "authorised".

(3) In section 270IC(1) and (4) (co-ownership schemes: carrying on qualifying activity) omit "authorised".

(4) In section 270ID (co-ownership schemes: election)—

(a) in subsection (1) after "scheme", in the first place it occurs, insert ", or a converted Reserved Investor Fund (Contractual Scheme),", and

(b) after subsection (7) insert—

"(7A) In subsection (1)—

(a) a "converted Reserved Investor Fund (Contractual Scheme)" means a Reserved Investor Fund (Contractual Scheme) that was previously a co-ownership authorised contractual scheme, and

(b) the reference to an election having been made under section 262AB in respect of a converted Reserved Investor Fund (Contractual Scheme) is a reference to such an election having been made in respect of the scheme when it was a co-ownership authorised contractual scheme.

(7B) An election under this section in respect of a converted Reserved Investor Fund (Contractual Scheme) is unaffected for so long as the scheme is—

(a) a Reserved Investor Fund (Contractual Scheme),

(b) a co-ownership authorised contractual scheme, or

(c) an unauthorised contractual scheme,

and the application of this Chapter in respect of the scheme is not affected by any change to the nature of the scheme so long as it remains of a type set out in paragraphs (a) to (c).".

(5) In section 270IE(1) and (4) (co-ownership schemes: calculation of allowance after an election) omit "authorised".

(**a**) Sections 270IC to 270IE were inserted by S.I. 2019/1087.

Stamp duty land tax: contractual schemes

57.—(1) FA 2003(**a**) is amended as follows.

(2) In section 102A (co-ownership authorised contractual schemes)(**b**)—

(a) in the heading omit "authorised";

(b) in subsection (2) omit "authorised";

(c) after subsection (2) insert—

"(2A) In this Part, a "co-ownership contractual scheme" means—

(a) a co-ownership authorised contractual scheme, or

(b) a Reserved Investor Fund (Contractual Scheme).";

(d) in subsection (3)—

(i) for "umbrella COACS" substitute "umbrella scheme", and

(ii) omit "authorised";

(e) in subsection (4) for "COACS" substitute "scheme";

(f) in subsection (5)—

(i) for "COACS", in both places it occurs, substitute "scheme", and

(ii) omit "authorised";

(g) in subsection (6) for "COACS" substitute "scheme";

(h) in subsection (8), after the definition of "co-ownership scheme" insert—

""Reserved Investor Fund (Contractual Scheme)" has the meaning given by section 20 of the Finance (No.2) Act 2024.";

(i) in subsection (9) after "contractual scheme" insert "or a Reserved Investor Fund (Contractual Scheme)";

(j) in subsection (10) omit "authorised";

(k) in subsection (11) omit "authorised";

(l) in subsection (12), in paragraph (a) of the definition of "operator" omit "authorised".

(3) In section 118(2) (meaning of "market value")(**c**) for "COACS" substitute "co-ownership scheme".

(4) In section 122 (index of defined expressions)(**d**)—

(a) in the table, in the first column for "COACS seeding relief" substitute "co-ownership scheme seeding relief", and

(b) at the appropriate places insert—

(**a**) 2003 c. 14.

(**b**) Section 102A was added by paragraph 1 of Schedule 16 to the Finance Act 2016 (c. 24) and amended by S.I. 2019/689.

(**c**) Section 118 was renumbered as s118(1) and s118(2) added by paragraph 10 of Schedule 16 to the Finance Act 2016 (c. 24).

(**d**) Section 122 was amended by paragraphs 5(6), 22(7) and 25(4) of Schedule 39 to the Finance Act 2004 (c. 12), paragraph 6 of Schedule 8 to the Finance Act 2005 (c. 7), paragraph 5 of Schedule 30 to the Finance Act 2008 (c. 9), S.I. 2009/56, paragraph 23 of Schedule 3 to the Scotland Act 2012 (c. 11), paragraph 8 of Schedule 39 and paragraph 7 of Schedule 40 to the Finance Act 2013 (c. 29), paragraph 12 of Schedule 1 to the Stamp Duty Land Tax Act 2015 (c. 1), paragraph 11 of Schedule 16 to the Finance Act 2016 and paragraph 4 of Schedule 16 to the Finance Act 2021 (c. 26).

"co-ownership contractual scheme	section 102A";
"Reserved Investor Fund (Contractual Scheme)	section 102A".

(5) In paragraph 2(6)(da) of Schedule 4A (stamp duty land tax: higher rate for certain transactions)(**a**) for "COACS" substitute "co-ownership scheme".

(6) Schedule 9A (increased rates for non-resident transactions)(**b**) is amended as follows.

(7) In paragraph 7(4)(a) omit "authorised".

(8) In the italic heading before paragraph 15 omit "authorised".

(9) In paragraph 15, after sub-paragraph (2) insert—

"(3) A Reserved Investor Fund (Contractual Scheme) is not "non-resident" in relation to any chargeable transaction.".

(10) In paragraph 11 of Schedule 17A (further provisions relating to leases)(**c**)—

(a) in sub-paragraph (3)(ba) for "COACS" substitute "co-ownership scheme";

(b) in sub-paragraph (4) for "COACS" substitute "co-ownership scheme";

(c) in sub-paragraph (5)(bb)—

(i) for "COACS" substitute "co-ownership scheme", and

(ii) omit "authorised";

(d) in sub-paragraph (6) for "COACS" substitute "co-ownership scheme";

(e) in sub-paragraph (7) for "COACS", in both places it occurs, substitute "co-ownership scheme".

Stamp duty land tax: seeding relief

58.—(1) Part 4 of FA 2003(**d**) is amended as follows.

(2) In section 65A (PAIF seeding relief and COACS seeding relief)—

(a) for the heading substitute "Seeding relief";

(b) in subsection (2)(b) for "(COACS seeding relief)" substitute "and Reserved Investor Funds (Contractual Schemes) (co-ownership scheme seeding relief)";

(c) in subsection (5)—

(**a**) Schedule 4A was inserted by paragraph 4 of Schedule 35 to the Finance Act 2012 (c. 14). Paragraph 2 of Schedule 4A was amended by paragraph 12 of Schedule 16 to the Finance Act 2016, paragraph 7(2)(b) of Schedule 17 to the Finance Act 2021 and section 7(2)(a)(ii) of the Finance (No. 2) Act 2024 (c. 12).

(**b**) Paragraphs 7 and 15 of Schedule 9A were inserted by paragraph 5 of Schedule 16 to the Finance Act 2021.

(**c**) Paragraph 11 of Schedule 17A was inserted by paragraph 22(2) of Schedule 39 to the Finance Act 2004. Paragraph 11 was amended by paragraphs 7 and 12 of Schedule 10 to the Finance (No. 2) Act 2005 (c. 22), S.I. 2010/814 and paragraph 14 of Schedule 16 to the Finance Act 2016 (c. 24).

(**d**) Section 65A was inserted by paragraph 3 of Schedule 16 to the Finance Act 2016. Sections 77 and 77A were substituted for section 77 by the Finance Act 2008 (c. 9). Section 77 was amended by paragraph 17 of Schedule 3 to the Scotland Act 2012 (c. 11), paragraph 5 of Schedule 39 to the Finance Act 2013 (c. 29) and paragraph 9 of Schedule 1 to the Stamp Duty Land Tax Act 2015 (c. 1). Section 81 was amended by section 302(5) of, and paragraph 17(3) of Schedule 39 to, the Finance Act 2004 (c. 12), section 80(4)(b) of, and paragraph 1 of Schedule 27 to, the Finance Act 2007 (c. 11), paragraph 3 of Schedule 40 to the Finance Act 2013, paragraph 7 of Schedule 16 to the Finance Act 2016, section 46(4) of the Finance Act 2019 (c. 1), paragraph 2 of Schedule 17 and paragraph 3 of Schedule 23 to the Finance Act 2021 (c. 26) and paragraph 3 of Schedule 23 to the Finance (No. 2) Act 2023 (c. 30). Section 86 was amended by section 80(6)(a) and 80(6)(b) of the Finance Act 2007, paragraph 26 of Schedule 61 to the Finance Act 2009 (c. 10), paragraph 6 of Schedule 40 to the Finance Act 2013, paragraph 8 of Schedule 16 to the Finance Act 2016, section 46(6) of the Finance Act 2019, paragraph 5 of Schedule 17 and paragraph 6 of Schedule 23 to the Finance Act 2021 and paragraph 6 of Schedule 23 to the Finance (No. 2) Act 2023. Section 87 was amended by paragraphs 17(4)(a), 19(3) and 22(5) of Schedule 39 to the Finance Act 2004, paragraph 5 of Schedule 22 to the Finance Act 2011 (c. 11), paragraph 4 of Schedule 41 to the Finance Act 2013, paragraph 9 of Schedule 16 to the Finance Act 2016, section 46(7) of the Finance Act 2019, paragraph 6 of Schedule 17 and paragraph 7 of Schedule 23 to the Finance Act 2021 and paragraph 7 of Schedule 23 to the Finance (No. 2) Act 2023.

(i) in the words before paragraph (a), for "COACS" substitute "co-ownership scheme";

(ii) in paragraph (a), after "scheme" insert "or a Reserved Investor Fund (Contractual Scheme)";

(d) after subsection (6) insert—

"(7) Co-ownership scheme seeding relief may not be claimed where the purchaser is a Reserved Investor Fund (Contractual Scheme) if the scheme—

(a) has previously claimed such relief, and

(b) following that claim ceased, at any time, to be a Reserved Investor Fund (Contractual Scheme).".

(3) Section 81 (further return where relief withdrawn) is amended as follows—

(a) in subsection (1)(bb) for "COACS" substitute "co-ownership scheme";

(b) in subsection (1A)(c) for "COACS" substitute "co-ownership scheme";

(c) in subsection (1B)—

(i) in paragraph (g) for "COACS" substitute "co-ownership scheme";

(ii) in paragraph (h) for "COACS" substitute "co-ownership scheme";

(d) in subsection (4)(bb)—

(i) for "COACS" substitute "co-ownership scheme", and

(ii) in sub-paragraph (i), omit "authorised".

(4) In section 86 (payment of tax)—

(a) in subsection (2)(bb) for "COACS" substitute "co-ownership scheme";

(b) in subsection (5)—

(i) omit the "and" at the end of paragraph (a), and

(ii) after paragraph (b) insert ", and

(c) regulation 31 of the Co-ownership Contractual Schemes (Tax) Regulations 2025 (withdrawal of seeding relief: application to postpone payment of tax where appeal against relevant decisions).".

(5) In section 87 (interest on unpaid tax)—

(a) in subsection (1A), after "(c)" insert "or section 87A(4) or (6)";

(b) in subsection (3)(a)(iib), (azc) and (azd) for "COACS" substitute "co-ownership scheme;

(c) at the end of subsection (3)(a)(iib), insert "(except in a case to which section 87A applies)";

(d) at the end of subsection (4), insert "(except in a case to which section 87A applies)".

(6) After section 87 insert—

"87A Interest on unpaid tax: cases involving Reserved Investor Fund (Contractual Schemes)

(1) This section makes provision about the meaning of "relevant date" for the purposes of section 87 in the cases set out below where co-ownership seeding relief in relation to a land transaction has been withdrawn under paragraph 13 of Schedule 7A as a result of the purchaser ceasing to be a Reserved Investor Fund (Contractual Scheme) (and, accordingly, ceasing to be a co-ownership contractual scheme).

(2) In those cases this section applies instead of section 87(3)(a)(iib) for the purposes of determining the relevant date.

(3) The first case is where—

(a) the purchaser ceases to be a Reserved Investor Fund (Contractual Scheme) by virtue of breaching the ownership requirement or the restriction requirement, and

(b) the effective date of the relevant land transaction fell before the start of the cure period that applied in relation to the breach,

and in such a case the "relevant date" is the date on which the breach mentioned in paragraph (a) first occurred.

(4) The second case is where—

(a) the purchaser ceases to be a Reserved Investor Fund (Contractual Scheme) by virtue of breaching the ownership requirement or the restriction requirement, and

(b) the effective date of the relevant land transaction fell within the cure period that applied in relation to the breach,

and in such a case the "relevant date" is the effective date of the relevant land transaction.

(5) The third case is where—

(a) the purchaser ceases to be a Reserved Investor Fund (Contractual Scheme) as a result of ceasing to meet the UK property rich condition in regulation 12 of the 2025 Regulations, and

(b) regulation 19 of those Regulations applied in relation to the scheme,

and in such a case the "relevant date" means the date on which regulation 19 first applied in relation to the scheme.

(6) The fourth case is where—

(a) the purchaser ceases to be a Reserved Investor Fund (Contractual Scheme) by virtue of the scheme no longer being able to rely on regulation 9 of the 2025 Regulations to meet the ownership requirement, and

(b) the effective date of the relevant land transaction fell at a time when the scheme was relying on that regulation to meet the ownership requirement,

and in such a case the "relevant date" means the effective date of the relevant land transaction.

(7) In this section—

"the 2025 Regulations" means the Co-ownership Contractual Schemes (Tax) Regulations 2025;

"cure period"—

(a) in relation to a breach of the ownership requirement, means—

(i) "the 9 month period" that applies in relation to the breach under regulation 16 of the 2025 Regulations (as defined in that regulation), or

(ii) if a notice is given in relation to the breach under paragraph (2) of that regulation, the period beginning with the day on which the breach occurred and ending on the day on which the notice is given;

(b) in relation to a breach of the restriction requirement, means—

(i) "the 9 month period" that applies in relation to a breach under regulation 18 of the 2025 Regulations (as defined in that regulation), or

(ii) if a notice is given in relation to the breach under paragraph (3) of that regulation, the period beginning with the day on which the breach occurred and ending on the day on which the notice is given;

"ownership requirement" has the meaning given in regulation 5 of the 2025 Regulations;

"relevant land transaction" means the land transaction to which the withdrawal of seeding relief relates;

"restriction requirement" has the meaning given in regulation 10(1) of the 2025 Regulations;

"UK property rich condition" has the meaning given in regulation 12 of the 2025 Regulations.".

Seeding relief: amendments to Schedule 7A

59.—(1) Schedule 7A to FA 2003 (PAIF seeding relief and COACS seeding relief)(**a**) is amended as follows.

(2) For the heading of the Schedule substitute "Seeding relief".

(3) In the heading to Part 2 of the Schedule omit "authorised".

(4) In the italic heading before paragraph 10 for "COACS" substitute "Co-ownership scheme".

(5) In paragraph 10—

(a) in sub-paragraph (1) for "COACS" substitute "co-ownership scheme",

(b) in sub-paragraph (2) omit "authorised",

(c) in sub-paragraph (4) omit "authorised", and

(d) after sub-paragraph (5) insert—

"(5A) But condition D is met in a case where the purchaser is a Reserved Investor Fund (Contractual Scheme) only if an entry notice has been given in relation to the scheme on or before the effective date.

(5B) In sub-paragraph (5A), "entry notice" has the meaning it has in the Co-ownership Contractual Schemes (Tax) Regulations 2025.".

(6) In paragraph 11—

(a) in sub-paragraph (1)(a) omit "authorised",

(b) in sub-paragraph (2) omit "authorised", and

(c) in sub-paragraph (3)(a) for "COACS" substitute "co-ownership scheme".

(7) In paragraph 12—

(a) in sub-paragraph (1) for "COACS" substitute "co-ownership scheme",

(b) in sub-paragraph (2)—

(i) for "COACS" substitute "Co-ownership scheme", and

(ii) omit "authorised",

(c) in sub-paragraph (3)—

(i) for "COACS" substitute "Co-ownership scheme", and

(ii) omit "authorised", and

(**a**) Schedule 7A was inserted by paragraph 4 of Schedule 16 to the Finance Act 2016.

(d) in sub-paragraph (4) for "COACS" substitute "Co-ownership scheme".

(8) In the italic heading before paragraph 13 omit "authorised".

(9) In paragraph 13—

(a) in sub-paragraph (1)—

(i) for "COACS" substitute "co-ownership scheme", and

(ii) omit "authorised",

(b) in sub-paragraph (2) omit "authorised",

(c) in sub-paragraph (3) for "COACS" substitute "co-ownership scheme", and

(d) in sub-paragraph (4) omit "authorised".

(10) In the italic heading before paragraph 14, after "met" insert "by COACS".

(11) In paragraph 14—

(a) before sub-paragraph (1) insert—

"(A1) This paragraph applies where co-ownership scheme seeding relief has been allowed in respect of a transaction ("the relevant transaction") entered into by—

(a) a co-ownership authorised contractual scheme, or

(b) a Reserved Investor Fund (Contractual Scheme) that has since become a co-ownership authorised contractual scheme.",

(b) in sub-paragraph (1) in the words before paragraph (a), for the words from "COACS" to "and" substitute ", in relation to the relevant transaction,", and

(c) in sub-paragraph (3), for "COACS" substitute "co-ownership scheme".

(12) In paragraph 15—

(a) after sub-paragraph (1) insert—

"(1A) Sub-paragraphs (2) to (8) and (9) apply where the relevant transaction was entered into by a co-ownership authorised contractual scheme.

(1B) Sub-paragraph (8A) applies where the relevant transaction was entered into by a Reserved Investor Fund (Contractual Scheme) that has since become a co-ownership authorised contractual scheme.", and

(b) after sub-paragraph (8) insert—

"(8A) A co-ownership authorised contractual scheme which at the time of the relevant transaction was a Reserved Investor Fund (Contractual Scheme) meets the genuine diversity of ownership condition at any time that the scheme—

(a) meets the genuine diversity of ownership condition under regulation 7 of the Co-ownership Contractual Schemes (Tax) Regulations 2025 (but not solely by virtue of regulation 9 of those Regulations), or

(b) meets the non-close condition under regulation 8 of those Regulations (but not solely by virtue of regulation 9 of those Regulations).".

(13) In paragraph 16—

(a) in sub-paragraphs (1), (2) and (3) for "COACS" in each place it occurs substitute "co-ownership scheme",

(b) in sub-paragraph (4) omit "authorised",

(c) in sub-paragraph (5) for "COACS" substitute "co-ownership scheme", and

(d) in sub-paragraph (10) for "COACS" substitute "co-ownership scheme".

(14) In paragraph 17—

(a) in sub-paragraph (1)(a) omit "authorised",

(b) in sub-paragraph (2)(a) for "COACS" substitute "co-ownership scheme",

(c) in sub-paragraph (5) in the definition of "SDLT" for "COACS" substitute "co-ownership scheme", and

(d) in sub-paragraph (6)—

(i) in the definition of "relevant seeding transaction" omit "authorised",

(ii) in the definition of "seeding transaction" for "COACS" substitute "co-ownership scheme", and

(iii) in the definition of "the value of V's investment in the scheme" omit "authorised".

(15) In paragraph 18—

(a) in sub-paragraph (1)(a) for "COACS" substitute "co-ownership scheme",

(b) in sub-paragraph (3) omit "authorised", and

(c) in sub-paragraph (5) for "COACS" substitute "co-ownership scheme".

(16) In paragraph 19(1) and (4) omit "authorised".

(17) In paragraph 20—

(a) in each place it occurs, omit "authorised", and

(b) in paragraph (a) of the definition of "units in the co-ownership authorised contractual scheme", for "COACS" substitute "scheme".

(18) In paragraph 21—

(a) for ""COACS seeding relief"" substitute ""co-ownership scheme seeding relief"",

(b) in the definition of "co-ownership authorised contractual scheme", after "(2)," insert "(2A),", and

(c) in the definitions of "non-qualifying individual", "operator", "portfolio test", "relevant disposal" and "seeding period" omit "authorised".

Chapter 5

Income Tax (Trading and Other Income) Act 2005

Personal portfolio bonds: the property categories

60. In section 520 of ITTOIA 2005(**a**)—

(a) in the table in subsection (2), in the entry in the second column corresponding to the entry "Category 9" in the first column, after "scheme" insert "or a Reserved Investor Fund (Contractual Scheme)", and

(b) in subsection (4), at the appropriate place, insert—

""Reserved Investor Fund (Contractual Scheme)" has the meaning given by section 20 of F(No.2)A 2024.".

(**a**) Section 520 was amended by paragraph 534 of Schedule 1 to the Income Tax Act 2007 (c. 3), paragraph 469 of Schedule 1 to the Corporation Tax Act 2010, S.I. 2013/636, S.I. 2017/1182 and section 10 of the Finance (No. 2) Act 2017.

Chapter 6

Corporation Tax Act 2010

Real Estate Investment Trusts

61.—(1) CTA 2010(**a**) is amended as follows.

(2) In section 528(4A) (conditions for company), after paragraph (ba) insert—

> "(bb) a person acting on behalf of a Reserved Investor Fund (Contractual Scheme) (within the meaning of section 20 to F(No.2)A 2024);"".

(3) In paragraph (a) of section 535A(7A) (disposals of rights or interests in UK property rich companies), after "Act)" insert ", or is a Reserved Investor Fund (Contractual Scheme) (within the meaning of section 20 of F(No.2)A 2024)".

Chapter 7

The Co-ownership Authorised Contractual Schemes (Tax) Regulations 2017

Amendment of The Co-ownership Authorised Contractual Schemes (Tax) Regulations 2017

62. The Co-ownership Authorised Contractual Schemes (Tax) Regulations 2017(**b**) are amended as follows—

(a) in regulation 2 (interpretation), after the definition of "HMRC" insert—

> ""Reserved Investor Fund (Contractual Scheme)" has the meaning given by section 20 of the Finance (No.2) Act 2024.";

(b) in regulation 3 (interpretation: Part 2)—

(i) after "to a CoACS" insert "or a Reserved Investor Fund (Contractual Scheme)";

(ii) after "of the CoACS" insert "or the Reserved Investor Fund (Contractual Scheme)";

(c) in the heading to regulation 5, at the end insert "or Reserved Investor Fund (Contractual Scheme)";

(d) in regulation 5 (information to be provided to other CoACS), in paragraph (1), after "made for the purposes of a CoACS" insert "or Reserved Investor Fund (Contractual Scheme)";

(e) in regulation 8 (penalty for failing to provide information)—

(i) in paragraph (1), for "£60 for each offence" substitute "£100 for each offence";

(ii) in paragraph (2), for "£600" substitute "£1000".

PART 4

Transitional provision

Application to authorised co-ownership schemes

63.—(1) These Regulations will apply in respect of an authorised co-ownership scheme for an accounting period which begins on or after the date on which these Regulations come into force.

(**a**) Section 528 was amended by paragraph 4(3) of Schedule 4 to the Finance Act 2012 (c. 14), S.I. 2014/518, paragraph 2 of Schedule 3 to the Finance Act 2022 (c. 3) and paragraphs 2, 3 and 4 of Schedule 7 to the Finance Act 2024 (c. 3). Section 535A was inserted by paragraph 115 of Schedule 1 to the Finance Act 2019 (c. 1) and amended by paragraph 9 of Schedule 7 to the Finance Act 2024.

(**b**) S.I. 2017/1209.

(2) But nothing in this regulation prevents these Regulations applying for the purpose of an authorised co-ownership scheme becoming a RIF.

(3) In this regulation, "accounting period" has the meaning given by Chapter 2 of Part 2 of CTA 2009.

Jeff Smith
Vicky Foxcroft
24th February 2025 Two of the Lords Commissioners of His Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations set out tax rules for a new type of investment fund, the Reserved Investor Fund (Contractual Scheme) ("RIF"), and its investors. In addition, they make minor changes to the tax rules for Co-ownership Authorised Contractual Schemes ("CoACS"), a similar type of investment fund.

Part 2 sets out supplementary qualifying conditions for a RIF (in addition to the conditions contained within section 20 of the Finance (No.2) Act 2024, entry and exit provisions, accounting provisions, information requirements, penalties for failure to give information or requisite notice and umbrella scheme provisions. A penalty under these regulations is determined in accordance with section 100 of the Taxes Management Act 1970 (c. 9).

Part 3 introduces further tax rules for RIFs mainly by amending existing primary legislation related to CoACS to extend the application of those provisions to RIFs or, where relevant, modifying the application of provisions applying to CoACS and RIFs, and in some cases making standalone provision for RIFs where no comparable provision is required for CoACS. The changes address issues that are relevant for RIFs, but also affect CoACS and ensure consistency of application between the two regimes.

Part 4 provides a transitional provision so that the changes introduced by these Regulations will only apply to authorised co-ownership schemes in respect of an accounting period which begins after the Regulations come into force.

A Tax Information and Impact Note covering this instrument was published on 6 March 2024 alongside the Spring Finance Bill 2024 and is available on the GOV.UK website at https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins. A supplementary Tax Information and Impact Note for this instrument will be published at the same GOV.UK website.

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