STATUTORY INSTRUMENTS

2013 No. 1406

CORPORATION TAX

The Investment Trust (Approved Company) (Tax) (Amendment) Regulations 2013

Made - - - -	*6th June 2013*
Laid before the House of Commons	*7th June 2013*
Coming into force - -	*28th June 2013*

The Treasury make the following Regulations in exercise of the powers conferred by section 1159 of the Corporation Tax Act 2010(**a**).

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Investment Trust (Approved Company) (Tax) (Amendment) Regulations 2013 and shall come into force on 28th June 2013.

(2) These Regulations shall have effect in relation to accounting periods beginning on or after that date.

Amendment to the Investment Trust (Approved Company) (Tax) Regulations 2011

2.—(1) The Investment Trust (Approved Company) (Tax) Regulations 2011(**b**) are amended as follows.

(2) In regulation 19 (the income distribution requirement)—

(a) for paragraph (1) substitute—

"(1) The maximum amount an investment trust is permitted to retain in respect of an accounting period is the highest of the following amounts—

(a) 15% of its income for the accounting period,

(b) where paragraph (1A) applies, the accumulated revenue losses brought forward from previous accounting periods, and

(c) any amount of income that the investment trust is required to retain in respect of the accounting period by virtue of a restriction imposed by law.", and

(b) after paragraph (1) insert—

"(1A) This paragraph applies if in the accounting period the amount of income the investment trust is permitted to retain under this regulation and regulation 21 (taken together and ignoring this paragraph and paragraph (1)(b)) does not exceed the amount of any accumulated revenue losses brought forward from previous accounting periods.".

(**a**) 2010 c. 4; section 1159 was substituted by section 49(3) of the Finance Act 2011 (c. 11).
(**b**) S.I. 2011/2999.

(3) In regulation 20 (calculation of income), in paragraph (1) for "regulation 19(1)" substitute "regulation 19(1)(a)".

(4) In regulation 22 (the income distribution requirement: exceptions)—

(a) omit paragraph (2), and

(b) in paragraph (3)—

(i) for "paragraphs (1) and (2)" substitute "paragraph (1)", and

(ii) for "paragraphs (1) and (2)(b)(ii)" substitute "that paragraph".

Robert Goodwill
Mark Lancaster

6th June 2013 — Two of the Lords Commissioners of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Investment Trusts (Approved Company) (Tax) Regulations 2011 which make provisions in relation to the approval of companies as investment trusts for the purposes of section 1158 of the Corporation Tax Act 2010 (c. 4) and provisions in relation to the requirements to be met by investment trusts whilst approved and the treatment of transactions entered into by investment trusts.

Regulation 1 provides for citation, commencement and effect.

Regulation 2 amends regulation 19 (the income distribution requirement) in relation to the amount that an investment trust is permitted to retain in respect of an accounting period. A new measure of the maximum amount is included where the investment trust has accumulated revenue losses brought forward from previous accounting periods and where the investment trust is required to retain income by virtue of a restriction imposed by law. The latter provision replaces the exception to the distribution in requirement in regulation 22(2) which is omitted by these Regulations. A consequential amendment is made to regulation 20.

A Tax Information and Impact Note covering this instrument was published on 20 March alongside Budget 2013 and can be found on the HMRC website at http://www.hmrc.gov.uk/budget2013/ tiins.htm#2. It remains an accurate summary of the impacts that apply to this instrument.

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