

SCHEDULE 1

Regulation 1(3) and 13(1)

Transitional Provisions and Savings

1. In this Schedule—

“distributing fund” means a fund which, immediately before 1st December 2009, was a distributing fund for the purposes of Chapter 5 of Part 17 of ICTA;

“existing fund” means a fund to which, immediately before 1st December 2009, section 756A of ICTA(1) applied;

“non-qualifying fund” means a fund which, immediately before 1st December 2009, was a non-qualifying fund for the purposes of Chapter 5 of Part 17 of ICTA;

the “overlap period” means the period of account of an existing fund which has begun, but not ended, on the day these Regulations come into force;

the “succeeding period” means the period of account of the fund immediately following the overlap period.

2.—(1) This paragraph applies in the case of an existing fund which, on 1st December 2009, becomes a non-reporting fund.

(2) A participant begins to have an interest in the non-reporting fund at the beginning of the accounting period of the non-reporting fund current on 1st December 2009.

(3) An offshore income gain arising to a person on the disposal of an asset must be computed in accordance with Part 2, but is to have regard to the entirety of the period of the person’s ownership of the asset.

3.—(1) This paragraph applies in the case of an existing fund.

(2) The fund may apply in writing to HMRC to be treated as a distributing fund in respect of the overlap period.

(3) If the fund has made a successful application under sub-paragraph (2), the fund may apply in writing to HMRC to continue to be treated as a distributing fund in respect of the succeeding period.

(4) The repeal by these Regulations of the enactments specified in Schedule 2 does not affect the continued operation of those provisions for the purposes of this paragraph.

4.—(1) This paragraph applies in the case of an existing fund which does not become a reporting fund immediately following its last account period as a distributing fund.

(2) A participant in the fund may make an election to be treated for the purposes of TCGA 1992—

(a) as disposing of an interest in the distributing fund at the end of that fund’s last account period, and

(b) as acquiring an interest in the non-reporting fund immediately following the disposal treated as made by paragraph (a).

(3) The disposal referred to in paragraph (a) of sub-paragraph (2) is treated as made for a consideration equal to the net asset value of the participant’s interest in the fund at the end of the final accounting period.

(4) The acquisition referred to in paragraph (b) of sub-paragraph (2) is treated as made for the same amount as the disposal referred to in paragraph (a) of that sub-paragraph.

(1) Section 756A was inserted by paragraph 3 of Schedule 26 to the Finance Act 2004 (c. 12) and amended by section 57(2) of the Finance Act 2007 (c. 11). Section 756A is repealed by these Regulations (see regulation 13(2) and Schedule 2) subject to the saving contained in paragraph 3(4) of this Schedule (see regulation 13(3)).

(5) If the participant is chargeable to income tax, the election mentioned in sub-paragraph (2) must be made by being included in a return made for the tax year which includes the disposal date.

(6) If the participant is chargeable to corporation tax, the election mentioned in sub-paragraph (2) must be made by being included in the participant’s company tax return for the accounting period which includes the disposal date.

(7) In this paragraph—

“company tax return” has the same meaning as in Schedule 18 to the Finance Act 1998(2);

“disposal date” means the final day of the distributing fund’s final accounting period.

5.—(1) This paragraph applies in the case of an existing fund which—

(a) immediately before 1st December 2009 was a non-qualifying fund, and

(b) on 1st December 2009 becomes a reporting fund.

(2) Regulation 48 applies as if, for references to the non-reporting fund, there were substituted references to the existing fund.

(3) Chapter 5 of Part 17 of ICTA applies to determine the offshore income gain arising by virtue of the application of regulation 48.

6.—(1) This paragraph applies in the case of an existing fund which—

(a) makes a successful application under paragraph 3 to continue to be treated as a distributing fund after 1st December 2009, and

(b) becomes a reporting fund immediately following the end of the overlap period or the succeeding period.

(2) For the purposes of regulations 17 and 99 the fund is treated as a reporting fund for the entirety of a continuous period—

(a) beginning with the day the fund becomes a distributing fund, and

(b) ending on the last day of the overlap period or the succeeding period (as the case may be).

(3) If for any part of the period specified in sub-paragraph (2) the fund is not a distributing fund, the period is not continuous for the purposes of that sub-paragraph.

7.—(1) This paragraph applies in the case of an arrangement (“Fund X”) which, immediately before 1st December 2009, did not fall to be classified as an offshore fund, but which, on 1st December 2009, falls to be classified as an offshore fund.

(2) Fund X may make an application, in accordance with Part 3, in relation to the period of account that is current on 1st December 2009.

(3) The application must be received by HMRC on or before 31st May 2010.

SCHEDULE 2

Regulation 13(2)

Repeals

<i>Short title and chapter</i>	<i>Extent of repeal</i>
Income and Corporation Taxes Act 1988 (c. 1)	Chapter 5 of Part 17.

(2) 1998 c. 36.

<i>Short title and chapter</i>	<i>Extent of repeal</i>
	In section 834A, in Part 1 of the Table, the entry relating to section 761(1)(b)(i).
	Schedules 27 and 28.
Finance Act 1988 (c. 39)	In Schedule 13, paragraph 12.
Finance Act 1990 (c. 29)	In Schedule 14, paragraphs 10 and 11.
Taxation of Chargeable Gains Act 1992 (c. 12)	In section 108(1)(c), the words “, or have at any time been,”.
	In section 212, subsections (5) to (7).
	In Schedule 10, paragraph 14(43) to (49) and (63).
Finance Act 1995 (c. 4)	Section 134.
Finance Act 1996 (c. 8)	In Schedule 28, in paragraph 6, the words “and in paragraph 5(5) of Schedule 27 to that Act”.
Finance Act 2002 (c. 23)	In Schedule 9, paragraph 4(5) and (6).
Finance Act 2004 (c. 12)	In Schedule 26, paragraphs 1(1), 2(1), 4 to 9 and 13 to 16.
Income Tax (Trading and Other Income) Act 2005 (c. 5)	In Schedule 1, paragraphs 308, 309 and 350.
Finance (No. 2) Act 2005 (c. 22)	Section 23.
Finance Act 2006 (c. 25)	In Schedule 12, paragraph 47.
Income Tax Act 2007 (c. 3)	In section 1016(2), in Part 3 of the Table, the entry relating to section 761(1)(b)(i) of ICTA.
	In Schedule 1, paragraphs 179 to 181.
Finance Act 2008 (c. 9)	In Schedule 7, paragraphs 92 to 96.
	In Schedule 17, paragraph 30.

SCHEDULE 3

Regulation 13(4)

Abbreviations and Defined Expressions

PART 1

Abbreviations of Acts

TMA 1970	The Taxes Management Act 1970 (c. 9)
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ICTA	The Income and Corporation Taxes Act 1988 (c. 1)
TCGA 1992	The Taxation of Chargeable Gains Act 1992 (c. 12)
FA 1996	The Finance Act 1996 (c. 8)
FISMA 2000	The Financial Services and Markets Act 2000 (c. 8)
ITTOIA 2005	The Income Tax (Trading and Other Income) Act 2005 (c. 5)
ITA 2007	The Income Tax Act 2007 (c. 3)
FA 2008	The Finance Act 2008 (c. 9)
CTA 2009	The Corporation Tax Act 2009 (c. 4)

PART 2

Index of expressions defined or otherwise explained in these Regulations

Applicant (in Part 3)	Regulation 51(3)
Application (in Part 3)	Regulation 51(3)
Basic gain	Chapter 5 of Part 2
Constant NAV fund	Regulation 118
Diversely owned fund	Regulation 73(2)
Eligible offshore fund (in Part 3)	Regulation 51(3)
Equivalence condition	Regulation 74
Existing fund application (in Part 3)	Regulation 51(3)
Financial trader (in Chapter 8 of Part 3)	Regulation 105
Fund distribution date	Regulation 94(4)
Future fund application (in Part 3)	Regulation 51(3)
Genuine diversity of ownership condition	Regulations 75 and 76
Guaranteed return fund	Regulation 9
HMRC	Regulation 12
HMRC intervention	Regulation 108(6)
Interest (of a participant in an offshore fund)	Regulation 8
Investment transaction (in Part 3)	Regulation 81
Main arrangements	Regulation 6
Manager (in Part 3)	Regulation 51(3)

Market value	Regulation 10
Material disposal	Regulation 15
Minor breach	Regulation 108(4)
Non-reporting fund	Regulation 4(2)
Offshore fund	Regulation 3
Offshore income gain	Chapter 5 of Part 2
OIG amount	Regulation 20(2)
Participant (in a fund)	Regulation 7
Period of account	Regulation 12
Proposed prospectus	Regulation 12
Prospectus	Regulation 12
Relevant group of sections	Regulation 12
Reportable income	Chapter 5 of Part 3
Reported income	Regulation 92(2)
Reporting fund	Regulation 50
Reporting period	Regulation 91
Serious breach	Regulation 108(3)
Tax year	Regulation 12
TCGA disposal (in Chapter 6 of Part 2)	Regulation 44(2)
This group of regulations (in Chapter 8 of Part 3)	Regulation 102(2)
Transparent fund	Regulation 11
Tribunal	Regulation 12
UCITS fund	Regulation 12
Umbrella arrangements	Regulation 5