

2012 No. 3043

CORPORATION TAX

**The Authorised Investment Funds (Tax) (Amendment No. 3)
Regulations 2012**

<i>Made</i> - - - -	<i>6th December 2012</i>
<i>Laid before the House of Commons</i>	<i>7th December 2012</i>
<i>Coming into force</i> - -	<i>1st January 2013</i>

The Treasury make these Regulations in exercise of the powers conferred by section 17(3) and section 18(1)(h) of the Finance (No. 2) Act 2005(a).

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Authorised Investment Funds (Tax) (Amendment No. 3) Regulations 2013.

(2) These Regulations come into force on 1 January 2013 and the amendments made by these Regulations have effect in relation to dividend distributions made on or after that date.

(3) In this regulation “dividend distribution” has the meaning given by regulation 22(3) of the Authorised Investment Funds (Tax) Regulations 2006(b).

Amendment of the Authorised Investment Funds (Tax) Regulations 2006

2.—(1) The Authorised Investment Funds (Tax) Regulations 2006 are amended as follows.

(2) In regulation 48 (dividend distributions) at the end of paragraph (2A) insert—

“unless the dividend distribution is made to—

- (a) an insurance company in respect of any non-BLAGAB long-term business carried on by it, or
- (b) an insurance special purpose vehicle that is not an insurance company in respect of any long-term business carried on by it that does not consist wholly of PHI business.

Expressions used in paragraph (a) or (b) have the same meaning as they have in Part 2 of FA 2012(c).”

(3) In the table in Part 1 of the Schedule (abbreviations of Acts) insert at the appropriate place—

“FA 2012	The Finance Act 2012 (c. 14)”
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(a) 2005 c. 22.

(b) S.I. 2006/964; relevant amending instruments are S.I. 2008/3159, S.I. 2009/2036, S.I. 2010/294, S.I. 2010/1642, S.I. 2012/519.

(c) 2012 c. 14.

6th December 2012

Desmond Swayne
Anne Milton
Two of the Lords Commissioners of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

These Regulations amend the Authorised Investment Funds (Tax) Regulations 2006 (S.I.2006/964) (“the principal Regulations”).

Regulation 48(2) of the principal Regulations provides that when a dividend distribution is made by an authorised investment fund to a participant chargeable to corporation tax, the unfranked part of the distribution is treated as an annual payment received by the participant after deduction of basic rate income tax. Paragraph (2A) of regulation 48 however provides that this treatment is not given to dividend distributions which are within the charge to corporation tax on trade profits.

Regulation 2 amends regulation 48(2A) of the principal Regulations, and corrects an inadvertent change made by the insertion of that paragraph, to provide that the effect of regulation 48(2) is preserved for dividend distributions which are received in respect of certain long-term life assurance business, referred to as non-BLAGAB long-term business, a term defined in section 66(5) of the Finance Act 2012 (c. 14).

A Tax Information and Impact Note has not been prepared for this Instrument as it contains no substantive changes to Tax Policy.

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STATUTORY INSTRUMENTS

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