

About this form

The purpose of this form is to facilitate an application, under paragraph 15 Schedule 27 ICTA 1988, to be certified as a distributing fund within the offshore funds provisions.

Please complete all sections and send with the documents and information requested.

Fund details

<p>1 What is the name, address, phone number and reference of the person to whom any enquiry about this application should be sent? (for example, manager or agent forwarding the application)</p> <p>Name <input type="text"/></p> <p>Address <input type="text"/></p> <p><input type="text"/></p> <p><input type="text"/></p> <p style="text-align: right;">Postcode <input type="text"/></p> <p>Phone number <input type="text"/></p> <p>Reference <input type="text"/></p>	<p>6 Is the fund a collective investment scheme?</p> <p>No <input type="checkbox"/> If No, you cannot apply for certification</p> <p>Yes <input type="checkbox"/> If Yes, brief reason for this view</p> <p><input type="text"/></p> <p><input type="text"/></p> <p><input type="text"/></p> <p><input type="text"/></p> <p><input type="text"/></p> <p><input type="text"/></p>
<p>2 Full name of fund</p> <p><input type="text"/></p>	<p>7 Is this application made within six months of the end-date shown at box 5?</p> <p>No <input type="checkbox"/></p> <p>Yes <input type="checkbox"/> If Yes, go to box 9</p>
<p>3 Existing tax office reference</p> <p><input type="text"/></p>	<p>8 Please explain the reason for making the application late Note: We may not accept late applications</p> <p><input type="text"/></p> <p><input type="text"/></p> <p><input type="text"/></p> <p><input type="text"/></p> <p><input type="text"/></p> <p><input type="text"/></p>
<p>4 Has the fund name changed since last application?</p> <p>No <input type="checkbox"/></p> <p>Yes <input type="checkbox"/> If Yes, state previous name</p> <p><input type="text"/></p>	<p>9 Does the fund operate equalisation arrangements of a nature that might give rise to an offshore income gain on a disposal of interests in the fund (section 758 and paragraph 6 Schedule 28 ICTA 1988)?</p> <p>No <input type="checkbox"/></p> <p>Yes <input type="checkbox"/></p>
<p>5 For what account period is certification sought?</p> <p>From DD MM YYYY</p> <p><input type="text"/><input type="text"/> <input type="text"/><input type="text"/> <input type="text"/><input type="text"/><input type="text"/><input type="text"/></p> <p>To DD MM YYYY</p> <p><input type="text"/><input type="text"/> <input type="text"/><input type="text"/> <input type="text"/><input type="text"/><input type="text"/><input type="text"/></p>	

Fund details continued

10 The following documents **must** be sent with this application

Please tick the appropriate boxes

- A copy of the fund prospectus or explanatory memorandum in issue for the account period.
- There has been no change in this period to documents submitted for a previous period.
- A copy of the final audited accounts for the period. See Note 5 on page 4.

Enter the amount of income shown by the accounts

£

Enter 85% of that figure

£

- An analysis of the fund's investment portfolio. See Note 1 on page 3.
- Details of holdings in other offshore funds. See Note 2 on page 3.
- A copy of the accounts of each wholly owned subsidiary company. See Note 3 on page 3.
- A copy of the accounts of each subsidiary management or dealing company. See Note 3 on page 3.
- A computation of the fund's United Kingdom equivalent profits (UKEP) for the period. See Notes 4 and 5 on page 4.

Enter the amount of UKEP shown by computation

£

Enter 85% of that figure

£

11 Has the fund paid, or is it about to pay, distributions for the account period? See Note 5 on page 4.

No If No, go to **Signature**

Yes

12 Please specify for each class of share/unit/interest in the fund the date and amount paid or to be paid

Class of share	Date paid (or to be paid)	Amount of distribution
	/ /	£
	/ /	£
	/ /	£
	/ /	£
	/ /	£
	Total*	£

* This total must be no less than the higher of 85% of accounts income (7b) or 85% of UKEP (7g)

Signature

<p>Signature</p> <p>Date DD MM YYYY</p> <table border="1"><tr><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td><td><input type="text"/></td></tr></table>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<p>Print name</p> <input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>		

What to do now

Please send your completed application and attachments to:

HMRC

Collective Investment Schemes Centre

Local Compliance

Mid-size Business S0836

NEWCASTLE

NE98 1ZZ

Notes

Note 1

The schedule should list the investments and show the percentage by value of the fund's investments that each holding, forming part of the investment portfolio at any time in the account period, represents.

Note 2

The fund must show that not more than 5% by value of its assets consisted of investments in other offshore funds at any time in the account period. The schedule should therefore detail:

- any investments in other offshore funds
- whether those funds are themselves distributing funds and, if so, whether any of those funds is relying upon paragraph 6 Schedule 27 ICTA 1988 in order to be so treated
- whether any of the investments fall to be left out of account by, for example, the special provisions in paragraph 6 Schedule 27 ICTA 1988, and
- the percentage by value that the total investments in other offshore funds (after any exclusions) bears to the total value of all investments.

In making the comparison for the percentage by value it may be practical to limit this to the highest percentage comparison at any point in the account period.

Note 3

Include companies that were subsidiaries at any time during the period. The accounts should cover or include the accounting period of the fund.

Where an offshore fund has:

- interests in wholly-owned subsidiary companies,
 - certain interests in wholly-owned subsidiary companies dealing in interests in the fund in the course of the management and administration of the business of the fund (dealing company), and
 - interests in subsidiary management companies
- those interests may need to be specifically taken into account or disregarded in making the distribution test or calculating UK equivalent profits (paragraph 11 Schedule 27 ICTA 1988).

The impact of interests in such companies should be taken into account in making relevant computations under the appropriate headings of this application.

Notes continued

Note 4

The computation called for is that required by paragraph 5 Schedule 27 ICTA 1988 and starts by regarding the fund as if it were a company resident in the UK. The computation should follow the principles for UK Corporation Tax to arrive at the total profits of the fund, after allowing for any deductions available against those profits, on which UK Corporation Tax would be chargeable. There is however a number of specific modifications provided for by the provisions. A brief summary of these is:

- The account period for which application for certification is made is regarded as an accounting period (for Corporation Tax) of the deemed company.
- The fund is assumed to be resident in the UK only for the particular account period being tested. Consequently it cannot bring in losses of either an earlier or a later period.
- Profits does not include chargeable gains. But this exclusion does not extend to gains or disposal of interests in non-qualifying offshore funds (offshore income gains).
- UK company dividends or distributions - which would not ordinarily be profits for UK Corporation Tax - should be brought into the computation as if they were dividends or distributions of a company resident outside the UK.
- Certain deductions - that might otherwise not be allowable - can be brought into the computation of profits, in particular:
 - any sum that cannot be deducted from income because of a restriction imposed by the law of a territory outside the UK, and that restriction exists by reason of an excess of losses over profits (paragraph 5(4)(a) and paragraph 1(6) Schedule 27 ICTA 1988),
 - capital taxes meeting the criteria in paragraph 5(4)(b) Schedule 27 ICTA 1988.
- Sums arising from UK gilts forming part of the income of the fund are to be included.
- Certain provisions applying to UK companies in relation to exchange gains and losses, and profits and losses on interest rate and currency contracts are to be ignored.
- For periods ending after 21 July 2004, **where the fund already existed at that date**, the fund may make an election under paragraph 1(3) Schedule 26 FA 2004 in relation to income from creditor relationships and under paragraph 2(3) in relation to income from derivative contracts to calculate that income in accordance with the rules applicable to Corporation Tax. **Any such election, once made is irrevocable for that and all later periods.**

- Where the fund itself invests in unit trust schemes or offshore funds, then that investment may, for the purposes of this computation, be subject to the special rules in paragraph 4 Schedule 10 FA 1996.
- Where the fund has investments in other offshore funds or unit trust schemes and seeks to rely on the impact of paragraph 6 Schedule 27 ICTA 1988 it will also need to consider the effect of paragraphs 7, 8 and 9 on the UKEP computation.

Note 5

An offshore fund must show that it has pursued a full distribution policy for the account period in respect of each class of interest in the fund. So, for example, an umbrella fund will need to provide detailed computations of distributions and UKEP for each sub-fund or class of interest for which application is being made, not just for the fund as a whole. If space here does not permit the full entries required, attach a separate schedule for each sub-fund or class of interest. There is a range of modifications and extensions to the test and a brief summary of some of the more important ones is given below.

The distribution test is modified in the following circumstances:

- For funds operating equalisation arrangements, on sale by investors of interests in the fund, the amount included in the sale proceeds, which represents income accruing since the last distribution date up to the date of sale, can be added to the actual income distributions made for the distribution period for the purposes of the distribution test.
- For accumulation funds, provided the fund operates appropriate reinvestment mechanics - then the amount reinvested can be regarded as a distribution for the purposes of the distribution tests.
- For funds where sums that form part of its income are of such a nature that they can be regarded as the direct income of the investor as if that person were a UK resident (and domiciled person), then such sums can be treated as distributions made for the purpose of the test.

The impact of subsidiary companies should also be taken into account as indicated at **Note 3**.

There is also a de-minimis rule as a result of which a fund can be regarded as pursuing a full distribution policy even though no distribution is actually made (paragraph 1(2) Schedule 27 ICTA 1988).