

Amendments 18 to 30 to Schedule 2: Qualifying asset holding companies

Summary

1. Thirteen amendments are required to address technical points so that the legislation correctly reflects the policy intention of the new regime for qualifying asset holding companies. These points are explained below.

Details of the amendments

2. Amendments 18 and 24 correct cross-referencing errors.
3. Amendments 19, 26, 27 and 28 provide definitions for previously undefined terms, in order to clarify the relevant parts of the legislation.
4. Amendment 20 provides for a refinement of the existing rules which identify the economic interests of participators in funds. It excludes interests under normal commercial loans from consideration.
5. Amendments 21 and 25 are consequential upon Amendment 20.
6. Amendment 22 ensures that managers and general partners of certain types of funds will only be treated as having control of those funds for the purposes of the closeness test by reason of their economic interests and/or voting rights in relation to the fund.
7. Amendment 23 clarifies the meaning of the term “voting power” in a fund that is not a company.
8. Amendment 29 removes a provision that is not required for the proper functioning of the rules.
9. Amendment 30 corrects a typographical error.

Background note

10. Clause 14 and Schedule 2 of Finance (No. 2) Bill introduce a new regime for asset holding companies that meet certain conditions, in order to deliver an effective, proportionate, and internationally competitive tax regime for investment activity.
11. The eligibility criteria limit access to the new regime to the intended users, namely investment structures where funds are managed for the benefit of a broad pool of investors or beneficiaries.
12. The new regime limits the tax liability of a qualifying asset holding company (QAHC) to an amount commensurate with its role, and ensures that investors are taxed so far as possible as if they had invested in the underlying assets directly.