



Taxation relating to the investment funds is usually considered on the basis of four pillars:

- The taxation of the investment fund in its domicile jurisdiction
- The taxation of investment made by an investment fund in the originate country of income
- The taxation and the related requirements of the investment fund in each distribution market
- The taxation of the investor

The focus is made on the british taxation and the related requirements applicable to foreign funds distributed in the United Kingdom.

## Local Taxation

### Taxation of the investor

**Income tax:** Income tax is levied at investor level in relation to any income made from placements in investment funds. Some local tax regulation may provide a reduced rate applicable from time to time subject to specific conditions.

**Withholding tax:** Withholding tax is levied at fund level on each distribution of dividends from distributed shares/units. Withholding tax is automatically collected in the country of domicile of the investment fund before distribution of the resulting net dividend to the investors.

### Taxation of the fund

Taxes may be levied on the basis of the net asset raised into a distribution market. Such net asset taxes are paid by the investment funds to the local tax administration.

## Tax complexity

The complexity of the taxation context is considered from the perspective of foreign asset managers distributing funds on cross-border basis in a foreign market. This level of complexity may be expressed by an indicator integrating the complexity of (i) the local taxation regulation, (ii) the related tax requirements, (iii) the obligation to appoint local tax agents, and (iv) the access to tax wrappers.

### Tax complexity indicator

A tax complexity indicator (TCI) provides, for each distribution market, a ranking in a scale of five to express the level of complexity of the tax framework applicable to foreign asset managers distributing a fund range on cross-border basis.

The TCI considers impacts from local taxation and local tax requirements perspective; taxation is considered at investor-level and at foreign fund-level.

## The British tax framework

The current taxation framework applicable to offshore funds has been introduced in 2009 by the Finance Act 2008. The legislation in force under The UK Tax Authority, HM Revenue & Customs (HMRC) relating to income allows offshore investment funds to be treated as UK investment fund for tax basis purpose, under certain annually circumstances.

UK Investors are taxed on the following basis:

- Distributions of dividends
- Gains from the sale or redemption of fund shares/units

In addition, favourable conditions may be provided for specific situations, such as UK funds, UK pension Funds and UK corporates.

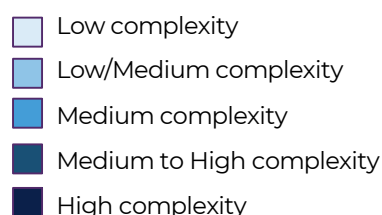
## Local tax requirements

### Requirements applicable to the fund

**Tax agent:** local tax regulations may require the appointment of a tax agent. Also, a tax assistance may be appropriate when no tax agent is required.

**Disclosure:** local tax regulations may also require specific disclosures; tax disclosures require to be made available to the public via appropriate means.

**Reporting:** local tax regulations may require specific reporting in relation to tax purposes; tax reporting must be filed with the competent authorities to allow investors to benefit from specific tax treatment.



Source: FundGlobam

**DISCLAIMER** Data disclosed in this market profile are prepared on the basis of a permanent market monitoring and a systematic market analysis provided by FundGlobam according to precise specifications. Any data will be disclosed provided that all the related conditions in the specifications are completed; data will not be disclosed otherwise. Periodic updates can increase the rate of data disclosure in each market profile.



## TCI analysis

Key tax aspects in relation to the cross-border distribution of French promoters' funds in the United Kingdom

### Local Taxation

TCI <sup>1</sup>	Investor Tax		Fund Tax
	Personal Income Tax	Withholding Tax	Net Asset Tax
	MEDIUM+	MEDIUM+	LOW
Key aspects regarding the local taxation of British investors investing in foreign investment funds	The taxation of UK individual investors investing in offshore funds differs according to the tax status of each foreign fund: <ul style="list-style-type: none"> <li>■ Reporting Funds: 20%</li> <li>■ Non Reporting Funds: 45%</li> </ul>	<ul style="list-style-type: none"> <li>■ No withholding tax is charged on dividend distribution in the UK. Tax on dividends is variable according to each situation; no tax is paid on dividends from shares in an ISA (Individual Saving Accounts)</li> </ul>	<ul style="list-style-type: none"> <li>■ No taxation applies to the foreign investment funds distributed and/or marketed in the UK</li> </ul>

### Local tax requirements

TCI <sup>1</sup>	Information		Local presence
	Disclosure requirements	Reporting requirements	British tax agent
	HIGH	MEDIUM	LOW+
Key aspects regarding the local requirements related to the taxation framework applicable to the foreign investment funds distributed in the UK	<ul style="list-style-type: none"> <li>■ Offshore funds must be registered on the list of reporting funds published by the UK tax administration, HM Revenue &amp; Custom (HMRC), allowing their investor to benefit from the favourable capital gain tax regime</li> </ul>	<ul style="list-style-type: none"> <li>■ Reporting Fund must file reporting to status to the UK tax administration (HMRC) on an annual basis</li> </ul>	<ul style="list-style-type: none"> <li>■ Reporting to HMRC are usually filed by British tax agents; however, a foreign entity may also be allowed to report to the UK tax administration subject to a prior HMRC registration</li> </ul>

#### DISCLAIMER

This document provides information about regulatory requirements and market practices in relation to the marketing of investment funds in the United-Kingdom. The information herein is provided for general guidance and cannot be considered, relied upon or otherwise construed as legal advice or any other kind of advice such as, including

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