

UK Reporting Fund Regime - FAQs

Vietnam Holdings Limited

| | |
|---|------------------------------------|
| Date of entry into HMRC's reporting Fund regime: | 01 July 2024 |
| First accounting period as a Reporting Fund: | 01 July 2024 - 30 June 2025 |
| Relevant Date *: | 01 January 2026 |

* Excess reportable income is 'deemed' to be distributed to relevant investors six months and a day after the end of the fund's reporting period (the 'relevant date'). This is the date that the income is treated as being earned for UK tax purposes

Background

UK individual investors in offshore funds (non-UK domiciled funds) are taxable on their investment gains at rates of either 24% or 45%.

To access the 24% tax rate, individuals must be invested in funds which have joined the UK's tax reporting regime, known as UK reporting fund status (UK RFS). Institutional investors can also benefit when a fund has reporting fund status.

There is no requirement for funds to apply for reporting fund status, however, UK based investors will be taxed on their investment gains at 45% if invested in non-reporting funds.

HM Revenue & Customs (HMRC), publishes a list of reporting funds, allowing UK investors to actively screen out non-reporting funds when selecting investments.

The list of reporting funds can be found here: [20260105_Master-Weblist.ods](#)

The Basics

Realised gains made by UK investors in a non-reporting offshore fund are taxed as 'offshore income gains' at rates of up to 45%. This is to prevent UK based investors building up tax-free income in an offshore fund and then claiming capital gains tax treatment upon the sale of the units in question.

Conversely, the gain on realisation is treated as a capital gain if the fund has reporting status and so will be taxed at a maximum rate of 24%.

A requirement of entry into the UK reporting fund regime is that UK resident investors must be taxed annually on their share of a fund's income (but not gains).

To do this, the reporting fund is required to calculate its income per share, net of expenses, and reduced by any dividends actually paid to investors, on an annual basis.

This figure is then reported to the fund's UK investors, who are required to declare the deemed income on their UK tax returns and pay tax annually on this 'excess reported income' as though the amount had actually been paid out as a dividend and then reinvested into the fund.

What is Excess Reportable Income?

Excess Reportable Income (ERI) is the profit from a fund that has not been distributed to investors, either as dividends or interest. ERI is deemed to be a distribution of income for UK tax purposes and is treated as if the investor had received it on the Fund Distribution Date.

Where can I find the ERI information?

Reporting funds are required to make available a report to each of their relevant participants (that is participants resident in the UK, or which are themselves reporting funds) who hold an interest in the fund at the end of the reporting period in question for each reporting period. This is to enable UK participants to make a return of their proportionate share of the ERI (the 'reported income' for each investor). It can also be used by participants that are themselves reporting funds in computing their own reportable income.

The report must be made available to the participants within six months of the day immediately following the final day of the reporting period in question. For example, in Vietnam Holdings Limited's case, on the basis it has a reporting period of 1 July 2024 to 30 June 2025, it should make the report available to its participants by no later than 1 January 2026, but this deadline can be extended by 4 months with no adverse consequences.

The report will be made available by electronic communication, and be available on the Company's website accessible to relevant participants and HMRC.

What information is included in the report?

The report for each reporting period will include all of the following -

1. the amount actually distributed to participants (i.e. all investors, which will include UK investors) per unit of interest in the fund in respect of the reporting period;
2. the excess of the amount of the reported income per unit of interest in the fund for the reporting period over the amount actually distributed to participants per unit of interest;
3. the dates on which distributions were made;
4. the fund distribution date;
5. a statement of whether or not the fund remains a reporting fund at the date the fund makes the report available.

If the amount of the reported income per unit of interest in the fund for the reporting period is equal to, or less than, the amount actually distributed to participants per unit of interest in respect of the reporting period, the amount to be stated in respect of 2 above (the excess) is nil.

What do I need to report on my tax return?

If you are a UK resident investor, it will be necessary to declare any actual distributions received during the relevant tax year, along with any ERI shown on the report to participants, on your UK self-assessment tax return.

In which tax year should I report Excess Reportable Income?

The 'Fund Distribution Date' is the date on which any ERI is deemed to be received for UK tax purposes. The ERI for the year in question must be declared on UK resident investors' UK self-assessment tax returns.

The 'Fund Distribution Date' is fixed at six months after the last day of the reporting period of the fund, which is stated on the Report to Participants.

For Vietnam Holdings Limited, the Fund Distribution Date will be 1 January of the year following the end of the accounting period in question.

How do I know if I need to report Excess Reportable Income?

It will be necessary to report ERI if an investment is held in a Reporting Fund on the last day of the fund's reporting period. The fund's reporting period is stated on the Report to Participants.

Please note that if the investment is held in an ISA or SIPP, there is no need to declare ERI on your UK tax return.

The total amount of ERI is calculated by applying the per unit rate of 'Excess of reportable income over distributions' to your shareholding on the last day of the reporting period.

Example ERI calculation

| | | | | |
|--|---|---|---|--|
| Excess of reportable income over distributions | X | Number of shares/units held on the last day of the reporting period | = | Total ERI to be included in tax return |
|--|---|---|---|--|

ERI must be reported for the full period even if the holding was acquired on the last day of the reporting period.

The currency of amounts shown in the Report to Participants is shown under 'Share class currency'. All amounts are shown in the share class currency indicated.

Do I need to declare my ERI if I am not a UK resident?

The reporting fund regime is a UK scheme and so is not applicable if you are not a UK resident. Should this be the case, you should seek personal tax advice on the appropriate tax treatment of your investment.