HMRC - CFM38130 - Activities Not Within The CT Charge

Activities not chargeable to corporation tax

Any part of a company’s activities, the purpose of which is not within the charge to corporation tax, does not count as a business or other commercial purpose (CTA09/S442(3)).

This would, for instance, apply where the UK branch of a non-UK resident company pays interest on a loan being used to fund activities of the company unconnected with the UK branch.

Another example might be a golf club raising a loan to finance construction of a new club house.

The interest expense would have to be apportioned into allowable and non-allowable parts according to the club’s taxable income from non-members and non-taxable income from members.

Previous page

Next page