HMRC - CTM40420 - Co-Operatives - Nature Of Relief And Claim

CTA10/PART13/CHAPTER7

S642 (for income) and S643 (for gains) within CTA10/PART13/CHAPTER7 provide reliefs to approved co-operative housing associations (CTM40425) as follows:

rents paid to the association by members are disregarded for tax purposes

interest payable by the association is disregarded

the association is exempt from CT on chargeable gains on the disposal of any property which has been or is occupied by a tenant of the association (see CG12624).

Where relief is allowable under CTA10/S642 the association is still liable to CT on any investment income not specifically exempted by the section such as, for example, interest received on a bank deposit account. It is also liable to CT on other chargeable gains that do not fall within (c) above.

A co-operative housing association will not normally make distributions within the meaning CTA10/PART23. CTA10/S1064 cannot apply because a ‘registered society’ in Great Britain – formerly industrial and provident society, cannot be a close company (see CTM40505).

(This content has been withheld because of exemptions in the Freedom of Information Act 2000)

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