HMRC - INTM248400 - Alphabetic Index Of Terms Defined In Part 9A: Non-Trading Finance Profits

TIOPA10/S371VG(1) defines non-trading finance profits. Such profits include any amounts included in a CFC’s assumed total profits for the accounting period on the basis that they would be chargeable to corporation tax under:

CTA09/S299 (web) (charge to tax on non-trading profits from loan relationships); or

CTA09/Part9A (company distributions); or

which are included in the CFC’s assumed total profits for the accounting period in question and which arise from a relevant finance lease but which are not trading profits.

TIOPA10/S371VG(2) provides that non-trading finance profits does not include:

profits arising from the investment of funds held by the CFC for the purposes of a trade, so far as none of the CFC’s trading profits in the accounting period pass through the CFC charge gateway;

profits arising from the investment of funds held by the CFC for the purposes of a property business carried on by the CFC;

profits falling within Chapter 8; and

in the case of a chargeable company that makes a claim under Chapter 9 (for the purposes of Chapters 3 and 5) qualifying loan relationship profits.

Any credits or debits brought into account in determining a CFC’s property business profits for the accounting period are also excluded from the definition of non-trading finance profits. These are profits of the CFC arising from debtor relationships that have been entered into for the purposes of the exempt property business rather than for the purposes of on-lending to any other person.

For the purposes of Chapter 9 (Exemptions for Profits from Qualifying Loan Relationships), profits that fall within the first three bullet points above, and profits arising from a relevant finance lease, are not included in the CFC’s non-trading finance profits.

Non-trading finance profits will however include the trading and non-trading finance profits of a treasury company that has issued a notice to that effect to HMRC under TIOPA10/S371CE. These profits are then excluded from the definition of trading finance profits by TIOPA10/S371VG(5).