HMRC - INTM248550 - Alphabetic Index Of Terms Defined In Part 9A: Property Business Profits

Property business profits are excluded from the scope of the CFC charge gateway and from the definition of accounting profits for the purposes of the entity level exemptions in Chapters 10 to 14.

TIOPA10/S371VI provides the meaning of “property business profits”. These are essentially the profits of a CFC, for the accounting period in question, that are included in its assumed total profits on the basis that they would be chargeable profits under Part 4 of CTA 2009 (property income).

Two adjustments however are made to the amount of property business profits as would be chargeable profits under Part 4 of CTA 2009.

These are:

an adjustment to take account of credits and debits brought in under Part 5 of CTA 2009 (Loan Relationships) as a consequence of the CFC being in a debtor relationship where the loan which is the subject to the debtor relationship is made and used solely for the purposes of the “relevant property business” and is not used to fund a loan or loan-type arrangement to any other person;

an adjustment to take account of credits and debits that relate to a derivative contract or other hedging arrangement entered into by the CFC as a hedge of risk in connection with the “relevant property business” and are attributable to hedging that risk.

“Relevant property business” is defined as UK property business or overseas property business of the CFC, profits of which are included in the CFC’s property business profits excluding profits arising from the adjustments to the CFC’s property business profits outlined above.