HMRC - INTM267621 - Foreign Banks Trading In The UK Through Permanent Establishments: The Charge To Corporation Tax

A foreign bank will be subject to CT if it carries on a trade in the UK through a UK permanent establishment (previously, for accounting periods beginning before 1 January 2003, through a branch or agency).

Detailed guidance on permanent establishments (PE) and whether or not there is trading in the UK can be found at INTM261000 onwards. Further guidance on whether or not a non-resident’s trade is actually being carried out in the UK is at INTM263000.

The definition of permanent establishment can be found at CTA10/S1141. More detail on the definition of a PE can be found at INTM264050.

In most traditional banking businesses a foreign bank will carry on a trade in the UK through a fixed place of business. However other financial institutions may trade in the UK through a dependent agent PE. Either way, the non-resident company will be taxable on all profits, wherever arising, to the extent that they are attributable to the UK PE.

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