



Corporation Tax Act 2010

2010 CHAPTER 4

PART 24

CORPORATION TAX ACTS DEFINITIONS ETC

CHAPTER 1

DEFINITIONS

1118 Introduction to Chapter

- (1) This Chapter contains definitions for the purposes of the Corporation Tax Acts.
- (2) Section 1119 lists the definitions and either sets them out in full or indicates where they are set out in full.
- (3) The definitions set out in sections 1120, 1129, 1138 and 1139 apply only for the purposes of the provisions of the Corporation Tax Acts that apply them.
- (4) The definitions set out in sections 1122 and 1124 apply only for the purposes of provisions of the Corporation Tax Acts—
 - (a) which apply them, or
 - (b) to which they are applied (see section 1316 of CTA 2009 and section 1176 of this Act).
- (5) The other definitions apply for the purposes of the Corporation Tax Acts unless otherwise indicated (whether expressly or by implication).

1119 The definitions

The definitions referred to in section 1118(2) are—

“accounting date” means the date to which a company makes up its accounts,
“accounting period” is to be read in accordance with Chapter 2 of Part 2 of CTA 2009,

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“Act” includes Northern Ireland legislation,

“allowable loss”, in relation to corporation tax in respect of chargeable gains, has the same meaning as in TCGA 1992 (see section 288(1) of that Act),

“authorised unit trust” has the same meaning as in Chapter 2 of Part 13 (see sections 616 and 619),

“bank” is to be read in accordance with section 1120,

“basic rate” means the rate of income tax determined in pursuance of section 6(2) of ITA 2007,

“body of persons” means any body politic, corporate or collegiate and any company, fraternity, fellowship and society of persons whether corporate or not corporate,

“branch or agency” means any factorship, agency, receivership, branch or management,

“building society” means a building society within the meaning of the Building Societies Act 1986,

“capital allowance” means any allowance under CAA 2001,

“the Capital Allowances Act” means CAA 2001,

“the charge to corporation tax on income” has the same meaning as in CTA 2009 (see section 2(3) of that Act),

“chargeable gain” has the same meaning as in TCGA 1992,

“chargeable period” means an accounting period of a company or a tax year,

“chargeable profits”, in relation to a non-UK resident company carrying on a trade in the United Kingdom through a permanent establishment, has the meaning given by section 19 of CTA 2009,

^{F1}
...

“close company” is to be read in accordance with Chapter 2 of Part 10 (see in particular section 439),

“company” has the meaning given by section 1121,

“connected”, in relation to two persons being connected with one another, is to be read in accordance with sections 1122 and 1123,

“control”, in relation to the control of a body corporate or a partnership, is to be read in accordance with section 1124,

“derivative contract” has the same meaning as in Part 7 of CTA 2009,

“distribution” has the meaning given by Chapters 2 to 5 of Part 23,

“farming” has the meaning given by section 1125,

“the financial year 2010” means the financial year beginning with April 2010 (and any corresponding expression in which a year is similarly mentioned is to be read in the same way),

“for accounting purposes” has the meaning given by section 1127(4),

“forestry” is to be read in accordance with section 1125,

^{F2}
...

“generally accepted accounting practice” has the meaning given by section 1127(1) and (3),

“grossing up” is to be read in accordance with section 1128,

“group relief” has the meaning given by section 97(2),

“hire-purchase agreement” is to be read in accordance with section 1129,

“income” includes anything to which the charge to corporation tax on income applies,

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“international accounting standards” has the meaning given by section 1127(5),

“investment trust” has the meaning given by section 1158,

“loan relationship” has the same meaning as in Part 5 of CTA 2009,

“local authority” has the meaning given by section 1130,

“local authority association” has the meaning given by section 1131,

[^{F3}“main ring fence profits rate” has the meaning given by section 279A(4),]

“market gardening” has the meaning given by section 1125(5),

“non-UK resident” means not resident in the United Kingdom (and references to a non-UK resident are to a person not resident there),

“notice” means notice in writing,

“offshore installation” has the meaning given by sections 1132 and 1133,

“oil and gas exploration and appraisal” has the meaning given by section 1134,

“ordinary share capital”, in relation to a company, means all the company's issued share capital (however described), other than capital the holders of which have a right to a dividend at a fixed rate but have no other right to share in the company's profits,

“overseas property business” has the meaning given by Chapter 2 of Part 4 of CTA 2009,

“period of account”—

- (a) in relation to a person, means any period for which the person draws up accounts, and
- (b) in relation to a trade or other business, means any period for which the accounts of the business are drawn up,

“permanent establishment”, in relation to a company, is to be read in accordance with Chapter 2 of this Part,

“personal representatives”, in relation to a person who has died, means—

- (a) in the United Kingdom, persons responsible for administering the estate of the deceased, and
- (b) in a territory outside the United Kingdom, those persons having functions under its law equivalent to those of administering the estate of the deceased,

“property investment LLP” has the meaning given by section 1135,

“qualifying charitable donation” has the same meaning as in Part 6 (see section 190),

^{F2}
...

“recognised stock exchange” has the meaning given by section 1137,

^{F4}
...

(a)

(b)

“registered pension scheme” has the meaning given by section 150(2) of FA 2004,

[^{F5}“registered society” means—

- (a) a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014,
- (b) a society registered or treated as registered under the Industrial and Provident Societies Act (Northern Ireland) 1969,

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(c) a society registered as a credit union under the Credit Unions (Northern Ireland) Order 1985 (S.I. 1985/1205 (N.I. 12)), or

(d) an SCE formed in accordance with Council Regulation (EC) No 1435/2003 on the Statute for a European Cooperative Society,]

^{F6} ...

“research and development” is to be read in accordance with section 1138, “retail prices index” means—

(a) the general index of retail prices (for all items) published by the Statistics Board, or

(b) if that index is not published for a relevant month, any substituted index or index figures published by that Board,

“scheme administrator”, in relation to a pension scheme, has the meaning given by section 270 of FA 2004 (but see also sections 271 to 274 of that Act),

“settled property” (together with references to property comprised in a settlement) is to be read in accordance with section 466 of ITA 2007 (as a result of the application of that section for the purposes of the Corporation Tax Acts by section 1169 below),

“settlor” is to be read in accordance with sections 467 to 473 of ITA 2007 (as a result of the application of those sections for the purposes of the Corporation Tax Acts by section 1169 below),

“51% subsidiary”, “75% subsidiary” and “90% subsidiary”, in relation to bodies corporate, is to be read in accordance with Chapter 3 of this Part,

“tax”, if neither income tax nor corporation tax is specified, means either of those taxes,

“tax advantage” has the meaning given by section 1139,

^{F2} ...

“tax year” means a year for which income tax is charged (see section 4(2) of ITA 2007),

“the tax year 2010-11” means the tax year beginning on 6 April 2010 (and any corresponding expression in which two years are similarly mentioned is to be read in the same way),

“total profits”, in relation to an accounting period of a company, is to be read in accordance with section 4(3) and (4),

“trade” includes any venture in the nature of trade,

[^{F7}“trade of dealing in or developing UK land”, in relation to a non-UK resident company, has the meaning given by section 5B of CTA 2009,]

“tribunal” means the First-tier Tribunal or, where determined by or under Tribunal Procedure Rules, the Upper Tribunal,

“UK generally accepted accounting practice” has the meaning given by section 1127(2),

“UK property business” has the meaning given by Chapter 2 of Part 4 of CTA 2009,

“UK resident” means resident in the United Kingdom (and references to a UK resident are to a person resident there),

“unauthorised unit trust” has the meaning given by section 1140,

“unit holder” has the same meaning as in Chapter 2 of Part 13 (see sections 616 and 619),

“unit trust scheme” has the meaning given by section 237 of FISMA 2000,

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“venture capital trust” and “VCT” have the same meaning as in Part 6 of ITA 2007,
“woodlands” has the meaning given by section 1125(4),
“year of assessment” means a tax year, and
“the year 2010-11” means the tax year 2010-11 (and any corresponding expression in which two years are similarly mentioned is to be read in the same way).

Textual Amendments

- F1** Definition of “charity” in s. 1119 omitted (with effect in accordance with art. 21 of the commencing S.I.) by virtue of [Finance Act 2010 \(c. 13\)](#), [Sch. 6 paras. 27\(6\), 34\(2\)](#); S.I. 2012/736, art. 21
- F2** Words in s. 1119 omitted (with effect in accordance with Sch. 1 para. 73 of the amending Act) by virtue of [Finance Act 2016 \(c. 24\)](#), [Sch. 1 para. 45](#)
- F3** Words in s. 1119 inserted (with effect in accordance with Sch. 1 para. 22 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 1 para. 16](#)
- F4** Words in s. 1119 omitted (1.8.2014) by virtue of [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, [Sch. 4 para. 168\(2\)](#) (with Sch. 5)
- F5** Words in s. 1119 inserted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, [Sch. 4 para. 168\(3\)](#) (with Sch. 5) (as amended (1.8.2014) by [Finance Act 2014 \(c. 26\)](#), [Sch. 39 paras. 13, 15](#))
- F6** Words in s. 1119 omitted (with effect in accordance with Sch. 1 para. 34 of the amending Act) by virtue of [Finance Act 2021 \(c. 26\)](#), [Sch. 1 para. 30](#)
- F7** Words in s. 1119 inserted (with effect in accordance with s. 81 of the amending Act and also with effect in accordance with [Finance \(No. 2\) Act 2017 \(c. 32\)](#), s. 39(1)(2)) by [Finance Act 2016 \(c. 24\)](#), s. [76\(11\)](#)

1120 “Bank”

- (1) This section has effect for the purposes of the provisions of the Corporation Tax Acts which apply this section.
- (2) “Bank” means—
 - (a) the Bank of England,
 - (b) a person who has permission under [^{F8}Part 4A] of FISMA 2000 to accept deposits (but see subsection (3) for exclusions),
 - ^{F9}(c)
 - (d) the European Investment Bank, and
 - (e) an international organisation designated as a bank for the purposes of this section by an order made by the Treasury.
- (3) The reference to a person who has permission under [^{F10} Part 4A] of FISMA 2000 to accept deposits does not include—
 - (a) a building society,
 - (b) a society registered within the meaning of the Friendly Societies Act 1974 or incorporated under the Friendly Societies Act 1992,
 - (c) a society registered as a credit union under [^{F11}the Co-operative and Community Benefit Societies Act 2014] or the Credit Unions (Northern Ireland) Order 1985 (S.I. 1985/1205 (N.I. 12)), or
 - (d) an insurance company within the meaning of section 275 of FA 2004.

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- (4) The Treasury may designate an international organisation for the purposes of this section only if the United Kingdom is a member of the organisation.
- (5) An order under subsection (2)(e) may include provision for a designation to have effect only in relation to the application of this section by a provision specified in the order.

Textual Amendments

- F8** Words in s. 1120(2)(b) substituted (1.4.2013) by [The Financial Services Act 2012 \(Consequential Amendments\) Order 2013 \(S.I. 2013/636\)](#), art. 1(2), **Sch. para. 12**
- F9** S. 1120(2)(c) omitted (31.12.2020) by virtue of [The Taxes \(Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/689\)](#), regs. 1, **17(12)** (with regs. 39-41); 2020 c. 1, Sch. 5 para. 1(1)
- F10** Words in s. 1120 substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), **Sch. 18 para. 129(4)** (with [Sch. 20](#)); [S.I. 2013/423](#), art. 3, [Sch.](#)
- F11** Words in s. 1120(3)(c) substituted (1.8.2014) by [Co-operative and Community Benefit Societies Act 2014 \(c. 14\)](#), s. 154, **Sch. 4 para. 169** (with [Sch. 5](#))

Modifications etc. (not altering text)

- C1** S. 1120 applied by 2009 c. 4, s. 18D(4) (as inserted (19.7.2011) by [Finance Act 2011 \(c. 11\)](#), **Sch. 13 paras. 4, 31**)

1121 “Company”

- (1) In the Corporation Tax Acts “company” means any body corporate or unincorporated association, but does not include a partnership, [^{F12}a co-ownership scheme (as defined by section 235A of the Financial Services and Markets Act 2000),] a local authority or a local authority association.
- (2) Subsection (1) needs to be read with section 617 (under which the trustees of an authorised unit trust are treated for certain purposes as a UK resident company).

Textual Amendments

- F12** Words in s. 1121(1) inserted (6.6.2013) by [The Collective Investment in Transferable Securities \(Contractual Scheme\) Regulations 2013 \(S.I. 2013/1388\)](#), regs. 1, **5** (with [reg. 24](#))

1122 “Connected” persons

- (1) This section has effect for the purposes of the provisions of the Corporation Tax Acts which apply this section (or to which this section is applied).
- (2) A company is connected with another company if—
- (a) the same person has control of both companies,
 - (b) a person (“A”) has control of one company and persons connected with A have control of the other company,
 - (c) A has control of one company and A together with persons connected with A have control of the other company, or
 - (d) a group of two or more persons has control of both companies and the groups either consist of the same persons or could be so regarded if (in one or more

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cases) a member of either group were replaced by a person with whom the member is connected.

- (3) A company is connected with another person (“A”) if—
 - (a) A has control of the company, or
 - (b) A together with persons connected with A have control of the company.
- (4) In relation to a company, any two or more persons acting together to secure or exercise control of the company are connected with—
 - (a) one another, and
 - (b) any person acting on the directions of any of them to secure or exercise control of the company.
- (5) An individual (“A”) is connected with another individual (“B”) if—
 - (a) A is B's spouse or civil partner,
 - (b) A is a relative of B,
 - (c) A is the spouse or civil partner of a relative of B,
 - (d) A is a relative of B's spouse or civil partner, or
 - (e) A is the spouse or civil partner of a relative of B's spouse or civil partner.
- (6) A person, in the capacity as trustee of a settlement, is connected with—
 - (a) any individual who is a settlor in relation to the settlement,
 - (b) any person connected with such an individual,
 - (c) any close company whose participators include the trustees of the settlement,
 - (d) any non-UK resident company which, if it were UK resident, would be a close company whose participators include the trustees of the settlement,
 - (e) any body corporate controlled (within the meaning of section 1124) by a company within paragraph (c) or (d),
 - (f) if the settlement is the principal settlement in relation to one or more sub-fund settlements, a person in the capacity as trustee of such a sub-fund settlement, and
 - (g) if the settlement is a sub-fund settlement in relation to a principal settlement, a person in the capacity as trustee of any other sub-fund settlements in relation to the principal settlement.
- (7) A person who is a partner in a partnership is connected with—
 - (a) any partner in the partnership,
 - (b) the spouse or civil partner of any individual who is a partner in the partnership, and
 - (c) a relative of any individual who is a partner in the partnership.
- (8) But subsection (7) does not apply in relation to acquisitions or disposals of assets of the partnership pursuant to genuine commercial arrangements.

Modifications etc. (not altering text)

- C2** S. 1122 applied (27.7.2010) by [Finance \(No. 2\) Act 2010 \(c. 31\), Sch. 2 para. 8](#)
- C3** S. 1122 applied by [2003 c. 14, Sch. 6B para. 6\(8\)](#) (as inserted (with effect in accordance with [Sch. 22 para. 9](#) of the amending Act) by [Finance Act 2011 \(c. 11\), Sch. 22 para. 3](#))
- C4** S. 1122 applied (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Investment Trust \(Approved Company\) \(Tax\) Regulations 2011 \(S.I. 2011/2999\), regs. 1\(1\), 34\(3\)\(b\)](#)

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Chapter 1. (See end of Document for details)

- C5** S. 1122 applied by 1981 c. 63, **Sch. 4B para. 8(6)** (as inserted (with effect in accordance with **Sch. 25 para. 12** of the amending Act) by **Finance Act 2012 (c. 14), Sch. 25 para. 9**)
- C6** S. 1122 applied by 2000 c. 17, Sch. 6 para. 42B(7) (as inserted (with effect in accordance with Sch. 32 para. 19 of the amending Act) by **Finance Act 2012 (c. 14), Sch. 32 para. 15**)
- C7** S. 1122 applied by 1981 c. 63, Sch. 1A para. 8(6) (as inserted (with effect in accordance with Sch. 25 para. 12 of the amending Act) by **Finance Act 2012 (c. 14), Sch. 25 para. 7**)
- C8** S. 1122 applied by 1994 c. 23, Sch. 9 Pt. 2 Note (19) (as inserted (1.10.2012) by **Finance Act 2012 (c. 14), Sch. 26 paras. 5(6), 7(1)**)
- C9** S. 1122 applied by S.I. 2005/1868 reg. 1(3) (as substituted (1.11.2012) by **The Stamp Duty Land Tax Avoidance Schemes (Prescribed Descriptions of Arrangements) (Amendment) Regulations 2012 (S.I. 2012/2395), regs. 1(1), 4**)
- C10** S. 1122 applied by 2000 c. 17, Sch. 6 paras. 42C(7), 152B(5) (as inserted (retrospective to 26.3.2013) by **Finance Act 2013 (c. 29), Sch. 42 paras. 14, 19, 21**)
- C11** S. 1122 applied by 2003 c. 14, Sch. 2A para. 20 (as inserted (with effect in accordance with Sch. 39 para. 11 of the amending Act) by **Finance Act 2013 (c. 29), Sch. 39 para. 3**)
- C12** S. 1122 applied (with modifications) (17.7.2013) by **Finance Act 2013 (c. 29), ss. 136(6), 172**
- C13** S. 1122 applied (with modifications) by 2003 c. 14, Sch. 4A para. 5A(10) (as inserted (with effect in accordance with Sch. 40 para. 8 of the amending Act) by **Finance Act 2013 (c. 29), Sch. 40 para. 2(4)**)
- C14** S. 1122 applied (with effect in accordance with reg. 1(2) of the amending S.I.) by **The Investment Transactions (Tax) Regulations 2014 (S.I. 2014/685), regs. 1(1), 3(5)(b)**
- C15** S. 1122 applied (S.) (1.4.2015) by **Land and Buildings Transaction Tax (Scotland) Act 2013 (asp 11), ss. 58, 70(2)** (with s. 69); S.S.I. 2015/108, art. 2
- C16** S. 1122 modified (S.) (1.4.2015) by **Land and Buildings Transaction Tax (Scotland) Act 2013 (asp 11), s. 70(2), Sch. 17 para. 49** (with s. 69); S.S.I. 2015/108, art. 2
- C17** S. 1122 applied (with modifications) (18.11.2015) by **Corporation Tax Act 2009 (c. 4), s. 133D(5)(6)** (as inserted (with effect in accordance with **s. 18(2)** of the amending Act) by **Finance (No. 2) Act 2015 (c. 33), s. 18(1)**)
- C18** S. 1122 applied (with modifications) by 2003 c. 14, Sch. 7A paras. 9(7), 19(7) (as inserted (with effect in accordance with Sch. 16 para. 15 of the amending Act) by **Finance Act 2016 (c. 24), Sch. 16 para. 4**)
- C19** S. 1122 applied by 2003 c. 14, Sch. 7A para. 15(9) (as inserted (with effect in accordance with Sch. 16 para. 15 of the amending Act) by **Finance Act 2016 (c. 24), Sch. 16 para. 4**)
- C20** S. 1122 applied (S.) by **2002 c. 29, s. 396B** (as inserted (27.4.2017 for specified purposes, 31.1.2018 in so far as not already in force) by **Criminal Finances Act 2017 (c. 22), ss. 4, 58(1)(6)**; S.I. 2018/78, **reg. 3(a)**)
- C21** S. 1122 applied (E.W.N.I.) by **2002 c. 29, s. 362B** (as inserted (27.4.2017 for specified purposes, 31.1.2018 for E.W. in so far as not already in force, 28.6.2021 for N.I.) by **Criminal Finances Act 2017 (c. 22), ss. 1, 58(1)(6)**; S.I. 2018/78, **reg. 3(a)**; S.I. 2021/724, **reg. 2(1)(a)**)
- C22** S. 1122 applied (E.W.) (25.5.2017) by **Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 (anaw 1), ss. 74(1), 81(1)** (with s. 74(2))
- C23** S. 1122 applied by 1992 c. 12, Sch. 7AC para. 19(4) (as inserted (with effect in accordance with s. 27(6) of the amending Act) by **Finance (No. 2) Act 2017 (c. 32), s. 27(5)(c)**)
- C24** S. 1122 applied (with modifications) by 2010 c. 8, s. 465(2) (as inserted (with effect in accordance with Sch. 5 para. 25(1)-(3) of the amending Act) by **Finance (No. 2) Act 2017 (c. 32), Sch. 5 para. 1** (with **Sch. 5 paras. 27, 32-34**))
- C25** S. 1122 applied by 2010 c. 8, s. 87(7) (as inserted (with effect in accordance with s. 31(7) of the amending Act) by **Finance Act 2018 (c. 3), s. 31(3)(d)**)
- C26** S. 1122 applied (with modifications) (E.W.) (1.4.2018) by **The Landfill Disposals Tax (Administration) (Wales) Regulations 2018 (S.I. 2018/101), regs. 1(2), 15(2)**
- C27** S. 1122 applied (with modifications) (E.W.) (1.4.2018) by **Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 (anaw 1), s. 81(2)(3), Sch. 7 para. 51(1)**; S.I. 2018/34, art. 3
- C28** S. 1122 applied (6.4.2018) by **Finance Act 2017 (c. 10), ss. 59(4), 61(1)**; S.I. 2018/464, art. 2(e)

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Chapter 1. (See end of Document for details)

- C29** S. 1122 applied by S.I. 2014/1893, art. 34B(8) (as inserted (E.W.) (12.11.2018) by [The Proceeds of Crime Act 2002 \(External Investigations and External Orders and Requests\) \(Amendment\) Order 2018 \(S.I. 2018/1078\)](#), arts. 1(2), **20**)
- C30** S. 1122 applied by S.I. 2013/2605, art. 21B(8) (as inserted (E.W.) (12.11.2018) by [The Proceeds of Crime Act 2002 \(External Investigations and External Orders and Requests\) \(Amendment\) Order 2018 \(S.I. 2018/1078\)](#), arts. 1(2), **8**)
- C31** S. 1122 applied by S.I. 2014/1893, art. 46B(8) (as inserted (E.W.) (12.11.2018) by [The Proceeds of Crime Act 2002 \(External Investigations and External Orders and Requests\) \(Amendment\) Order 2018 \(S.I. 2018/1078\)](#), arts. 1(2), **13**)
- C32** S. 1122 applied (with effect in accordance with s. 47(10) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), s. **47(5)**)
- C33** S. 1122 applied (with effect in accordance with s. 48(12) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), s. **48(7)**)
- C34** S. 1122 applied by 2019 c. 1, s. 48A(7) (as inserted (22.7.2020) by [Finance Act 2020 \(c. 14\)](#), s. **78**)
- C35** S. 1122 applied by 2019 c. 1, s. **47A(6)** (as inserted (22.7.2020) by [Finance Act 2020 \(c. 14\)](#), s. **77**)
- C36** S. 1122 applied (17.12.2020 for specified purposes, 31.12.2020 in so far as not already in force) by 1994 c. 23, [Sch. 9ZA para. 9\(5\)](#) (as inserted by [Taxation \(Post-transition Period\) Act 2020 \(c. 26\)](#), s. 11(1)(e), [Sch. 2 para. 2](#) (with s. 3(4), [Sch. 2 para. 7\(7\)-\(10\)](#)); S.I. 2020/1642, [reg. 9](#))
- C37** S. 1122 applied by 2003 c. 14, [Sch. 6C para. 4\(2\)](#) (as inserted (10.6.2021) by [Finance Act 2021 \(c. 26\)](#), [Sch. 23 para. 8](#))
- C38** Ss. 1122, 1123 applied (with modifications) (17.5.2022) by S.I. 2006/3296, [reg. 3](#) (as substituted by [The Taxation of Securitisation Companies \(Amendment\) Regulations 2022 \(S.I. 2022/465\)](#), [regs. 1\(1\), 3](#) (with [reg. 1\(2\)](#)))
- C39** S. 1122 applied by 2012 c. 14, s. **130A(9)** (with s. 130A(7)) (as inserted (retrospective to 15.12.2022 and with effect in accordance with s. **302(2)-(4)** of the amending Act) by [Finance \(No. 2\) Act 2023 \(c. 30\)](#), s. 30(1))
- C40** S. 1122(7) modified (24.2.2022) by [Finance Act 2022 \(c. 3\)](#), [Sch. 2 para. 4\(4\)](#))

1123 “Connected” persons: supplementary

- (1) In section 1122 and this section—
- “company” includes any body corporate or unincorporated association, but does not include a partnership (and see also subsection (2)),
 - “control” is to be read in accordance with sections 450 and 451 (except where otherwise indicated),
 - “principal settlement” has the meaning given by paragraph 1 of Schedule 4ZA to TCGA 1992,
 - “relative” means brother, sister, ancestor or lineal descendant,
 - “settlement” has the same meaning as in Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act), and
 - “sub-fund settlement” has the meaning given by paragraph 1 of Schedule 4ZA to TCGA 1992.
- (2) For the purposes of section 1122—
- (a) a unit trust scheme is treated as if it were a company, and
 - (b) the rights of the unit holders are treated as if they were shares in the company.
- (3) For the purposes of section 1122 “trustee”, in the case of a settlement in relation to which there would be no trustees apart from this subsection, means any person—
- (a) in whom the property comprised in the settlement is for the time being vested,
 - or

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Chapter 1. (See end of Document for details)

(b) in whom the management of that property is for the time being vested.

Section 466(4) of ITA 2007 (which applies for the purposes of the Corporation Tax Acts as a result of section 1169 below) does not apply for the purposes of this subsection.

(4) If any provision of section 1122 provides that a person (“A”) is connected with another person (“B”), it also follows that B is connected with A.

Modifications etc. (not altering text)

- C38** Ss. 1122, 1123 applied (with modifications) (17.5.2022) by [S.I. 2006/3296, reg. 3](#) (as substituted by [The Taxation of Securitisation Companies \(Amendment\) Regulations 2022 \(S.I. 2022/465\)](#), regs. 1(1), **3** (with [reg. 1\(2\)](#)))
- C41** S. 1123 applied (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Investment Trust \(Approved Company\) \(Tax\) Regulations 2011 \(S.I. 2011/2999\)](#), regs. 1(1), **34(3)(b)**
- C42** S. 1123 applied (with effect in accordance with reg. 1(2) of the amending S.I.) by [The Investment Transactions \(Tax\) Regulations 2014 \(S.I. 2014/685\)](#), regs. 1(1), **3(5)(b)**
- C43** S. 1123 applied (E.W.) (1.4.2018) by [The Landfill Disposals Tax \(Administration\) \(Wales\) Regulations 2018 \(S.I. 2018/101\)](#), regs. 1(2), **15(2)**

1124 “Control”

- (1) This section has effect for the purposes of the provisions of the Corporation Tax Acts which apply this section (or to which this section is applied).
- (2) In relation to a body corporate (“company A”), “control” means the power of a person (“P”) to secure—
 - (a) by means of the holding of shares or the possession of voting power in relation to that or any other body corporate, or
 - (b) as a result of any powers conferred by the articles of association or other document regulating that or any other body corporate,
 that the affairs of company A are conducted in accordance with P's wishes.
- (3) In relation to a partnership, “control” means the right to a share of more than half the assets, or of more than half the income, of the partnership.

Modifications etc. (not altering text)

- C44** S. 1124 applied (19.7.2011) by [Finance Act 2011 \(c. 11\)](#), [Sch. 13 paras. 31, 33\(4\)](#)
- C45** S. 1124 applied (with modifications) (E.W.) (1.4.2018) by [Land Transaction Tax and Anti-avoidance of Devolved Taxes \(Wales\) Act 2017 \(anaw 1\)](#), s. 81(2)(3), [Sch. 10 para. 6\(4\)](#); S.I. 2018/34, art. 3

1125 “Farming” and related expressions

- (1) In the Corporation Tax Acts “farming” means the occupation of land wholly or mainly for the purposes of husbandry, but does not include market gardening (see subsection (5)).
- (2) In subsection (1) “husbandry” includes—
 - (a) hop growing, and

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Chapter 1. (See end of Document for details)

- (b) the breeding and rearing of horses and the grazing of horses in connection with those activities.
- (3) For the purposes of the Corporation Tax Acts the cultivation of short rotation coppice is regarded as husbandry and not as forestry.
- (4) In the Corporation Tax Acts “woodlands” does not include land on which short rotation coppice is cultivated.
- (5) In the Corporation Tax Acts “market gardening” means the occupation of land as a garden or nursery for the purpose of growing produce for sale.
- (6) For the purposes of this section “short rotation coppice” means a perennial crop of tree species planted at high density, the stems of which are harvested above ground level at intervals of less than 10 years.
- (7) In the application of this section for the purposes of paragraph 26 of Schedule 15 to FA 2000—
 - (a) both references to the occupation of land, and the reference to land on which short rotation coppice is cultivated, refer to land in the United Kingdom, and
 - (b) the reference to the cultivation of such coppice refers to its cultivation in the United Kingdom.

^{F13} 1126 “Franked investment income”

.....

Textual Amendments

F13 S. 1126 omitted (with effect in accordance with Sch. 1 para. 73 of the amending Act) by virtue of Finance Act 2016 (c. 24), **Sch. 1 para. 46**

1127 “Generally accepted accounting practice” and related expressions

- (1) In the Corporation Tax Acts “generally accepted accounting practice” means UK generally accepted accounting practice.

This is subject to subsection (3).
- (2) In the Corporation Tax Acts “UK generally accepted accounting practice”—
 - (a) means generally accepted accounting practice in relation to accounts of UK companies (other than IAS accounts) that are intended to give a true and fair view, and
 - (b) has the same meaning in relation to—
 - (i) individuals,
 - (ii) entities other than companies, and
 - (iii) companies that are not UK companies,as it has in relation to UK companies.
- (3) In relation to the affairs of a company or other entity that prepares IAS accounts, in the Corporation Tax Acts “generally accepted accounting practice” means generally accepted accounting practice in relation to IAS accounts.

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Chapter 1. (See end of Document for details)

- (4) In the Corporation Tax Acts “for accounting purposes” means for the purposes of accounts drawn up in accordance with generally accepted accounting practice.
- (5) In the Corporation Tax Acts “international accounting standards” has the same meaning as in Regulation (EC) No 1606/2002 of the European Parliament and the Council of 19 July 2002 on the application of international accounting standards.
- (6) If [^{F14}an international accounting standard has been adopted by the United Kingdom or the European Commission] with modifications, then as regards matters covered by that standard—
- (a) generally accepted accounting practice with respect to IAS accounts is to be regarded as permitting the use of the standard either with or without modifications, and
 - (b) accounts prepared on either basis are to be regarded for the purposes of the Corporation Tax Acts as prepared in accordance with international accounting standards.
- (7) In this section—
- ^{F15}“adopted by the United Kingdom” means adopted for use within the United Kingdom by virtue of Chapter 2 or 3 of Part 2 of the International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019,
- “adopted by the European Commission” means adopted by the European Commission in accordance with Regulation (EC) No 1606/2002 of the European Parliament and the Council of 19 July 2002 on the application of international accounting standards (as it has effect in EU law),]
- “IAS accounts” means accounts prepared in accordance with international accounting standards, and
- “UK companies” means companies incorporated or formed under the law of a part of the United Kingdom.

Textual Amendments

- F14** Words in s. 1127(6) substituted (31.12.2020) by [The Taxes \(Amendments\) \(EU Exit\) \(No. 2\) Regulations 2019 \(S.I. 2019/818\)](#), regs. 1(2), **8(6)(a)**; 2020 c. 1, Sch. 5 para. 1(1)
- F15** Words in s. 1127(7) inserted (31.12.2020) by [The Taxes \(Amendments\) \(EU Exit\) \(No. 2\) Regulations 2019 \(S.I. 2019/818\)](#), regs. 1(2), **8(6)(b)**; 2020 c. 1, Sch. 5 para. 1(1)

Modifications etc. (not altering text)

- C46** S. 1127 applied (with modifications) (19.7.2011) by [Finance Act 2011 \(c. 11\)](#), s. **53(6)**
- C47** S. 1127 applied (26.3.2015 with effect in accordance with s. 116(1) of the amending Act) by [Finance Act 2015 \(c. 11\)](#), s. **87(8)**

1128 “Grossing up”

- (1) In the Corporation Tax Acts references to grossing up by reference to a rate of tax are to calculating the amount (“the grossed up amount”) which after deduction of income tax at that rate would equal the amount to be grossed up (“the net amount”).
- (2) The grossed up amount is the sum of the net amount and the tax deducted.
- (3) The grossed up amount may also be expressed as—

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Chapter 1. (See end of Document for details)

$$GA = NA + \left(NA \times \frac{R}{100 - R} \right)$$

where—

GA is the grossed up amount,

NA is the net amount, and

R is the percentage rate of tax by reference to which the net amount is to be grossed up.

1129 “Hire-purchase agreement”

- (1) This section has effect for the purposes of the provisions of the Corporation Tax Acts which apply this section.
- (2) A hire-purchase agreement is an agreement in whose case conditions A, B and C are met.
- (3) Condition A is that under the agreement goods are bailed (or in Scotland hired) in return for periodical payments by the person to whom they are bailed (or hired).
- (4) Condition B is that under the agreement the property in the goods will pass to the person to whom they are bailed (or hired) if the terms of the agreement are complied with and one or more of the following events occurs—
 - (a) the exercise of an option to purchase by that person,
 - (b) the doing of another specified act by any party to the agreement,
 - (c) the happening of another specified event.
- (5) Condition C is that the agreement is not a conditional sale agreement.
- (6) In subsection (5) “conditional sale agreement” means an agreement for the sale of goods under which—
 - (a) the purchase price or part of it is payable by instalments, and
 - (b) the property in the goods is to remain in the seller (even though they are to be in the possession of the buyer) until conditions specified in the agreement are met (whether as to the payment of instalments or otherwise).

1130 “Local authority”

- (1) In the Corporation Tax Acts “local authority”, in relation to England and Wales, means—
 - (a) a billing authority as defined in section 1(2) of the Local Government Finance Act 1992,
 - (b) a precepting authority as defined in section 69(1) of that Act,
 - (c) a body with power to issue a levy (by virtue of regulations under section 74 of the Local Government Finance Act 1988),
 - (d) a body with power to issue a special levy (by virtue of regulations under section 75 of that Act),
 - (e) a fire and rescue authority in Wales constituted by a scheme under section 2 of the Fire and Rescue Services Act 2004 or a scheme to which section 4 of that Act applies,
- [^{F16}(ea) a corporate joint committee established by regulations under Part 5 of the Local Government and Elections (Wales) Act 2021 (asc 1),]

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Chapter 1. (See end of Document for details)

- (f) an authority with power to make or determine a rate, or
 - (g) a residuary body established by order under section 22(1) of the Local Government Act 1992.
- (2) In the Corporation Tax Acts “local authority”, in relation to Scotland, means—
- (a) a council constituted under section 2 of the Local Government etc (Scotland) Act 1994,
 - (b) a joint board or committee within the meaning of the Local Government (Scotland) Act 1973, or
 - (c) an authority with power to requisition any sum from a council such as is mentioned in paragraph (a).
- (3) In the Corporation Tax Acts “local authority”, in relation to Northern Ireland, means a district council constituted under section 1 of the Local Government Act (Northern Ireland) 1972 (c. 9 (N.I.)).
- (4) In this section “rate” means a rate—
- (a) whose proceeds are applicable for public local purposes, and
 - (b) which is leviable by reference to the value of land or property.

Textual Amendments

F16 S. 1130(1)(ea) inserted (1.4.2023) by [The Local Government and Elections \(Wales\) Act 2021 \(Corporate Joint Committees\) \(Consequential Amendments\) Order 2023 \(S.I. 2023/402\)](#), arts. 1(3), 5

1131 “Local authority association”

- (1) In the Corporation Tax Acts “local authority association” means any incorporated or unincorporated association which meets conditions A and B.
- (2) Condition A is that all of its members are local authorities, groups of local authorities or local authority associations.
- (3) Condition B is that its purpose, or primary purpose, is to protect and further the general interests of local authorities or any description of local authorities.
- (4) For the purposes of condition A, if a member (“M”) of a local authority association is a representative of, or is appointed by, a local authority, group of local authorities or a local authority association, the authority, group or association concerned (rather than M) is to be treated as a constituent member of the local authority association.

1132 “Offshore installation”

- (1) In the Corporation Tax Acts “offshore installation” means a structure which is, is to be, or has been, put to a relevant use while in water (see subsections (3) and (4)).
- (2) But a structure is not an offshore installation if—
 - (a) it has permanently ceased to be put to a relevant use,
 - (b) it is not, and is not to be, put to any other relevant use, and
 - (c) since permanently ceasing to be put to a relevant use, it has been put to a use which is not relevant.
- (3) A use is a relevant use if it is—

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Chapter 1. (See end of Document for details)

- (a) for the purposes of exploiting mineral resources by means of a well,
 - (b) for the purposes of exploration with a view to exploiting mineral resources by means of a well,
 - (c) for the storage of gas in or under the shore or the bed of any waters,
 - (d) for the recovery of gas so stored,
 - (e) for the conveyance of things by means of a pipe, or
 - (f) mainly for the provision of accommodation for individuals who work on or from a structure which is, is to be, or has been, put to any of the above uses while in water.
- (4) For the purposes of this section references to a structure being put to a use while in water are to the structure being put to a use while—
- (a) standing in any waters,
 - (b) stationed (by whatever means) in any waters, or
 - (c) standing on the foreshore or other land intermittently covered with water.
- (5) In this section “structure” includes a ship or other vessel.

1133 Regulations about the meaning of “offshore installation”

- (1) The Treasury may by regulations make provision as to the meaning of “offshore installation” in the Corporation Tax Acts.
- (2) The regulations may—
- (a) add to, amend or repeal any provision of section 1132,
 - (b) make different provision for different purposes, and
 - (c) contain incidental, supplemental, consequential and transitional provision and savings.

1134 “Oil and gas exploration and appraisal”

- (1) In the Corporation Tax Acts “oil and gas exploration and appraisal” means activities carried out for the purpose of—
- (a) searching for petroleum anywhere in an area,
 - (b) ascertaining a petroleum-bearing area's extent or characteristics, or
 - (c) ascertaining its reserves of petroleum,
- so that it may be determined whether the petroleum is suitable for commercial exploitation.
- (2) In this section “petroleum” has the meaning given by section 1 of the Petroleum Act 1998.

1135 “Property investment LLP”

- (1) In the Corporation Tax Acts “property investment LLP” means a limited liability partnership—
- (a) whose business consists wholly or mainly in the making of investments in land, and
 - (b) the principal part of whose income is derived from investments in land.

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Chapter 1. (See end of Document for details)

- (2) Whether a limited liability partnership is a property investment LLP is determined for each period of account of the partnership.

^{F17} **1136 “Qualifying distribution”**

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Textual Amendments

F17 S. 1136 omitted (with effect in accordance with Sch. 1 para. 73 of the amending Act) by virtue of Finance Act 2016 (c. 24), **Sch. 1 para. 47**

1137 “Recognised stock exchange”

- (1) In the Corporation Tax Acts “recognised stock exchange” means—
- (a) any market of a recognised investment exchange which is for the time being designated as a recognised stock exchange for the purposes of section 1005 of ITA 2007 by an order made by the Commissioners for Her Majesty's Revenue and Customs, and
 - (b) any market outside the United Kingdom which is for the time being so designated.
- (2) References in the Corporation Tax Acts to securities which are listed on a recognised stock exchange are to securities—
- (a) which are admitted to trading on that exchange, and
 - (b) which are included in the official UK list or are officially listed in a qualifying country outside the United Kingdom in accordance with provisions corresponding to those generally applicable in EEA states.
- (3) For this purpose “qualifying country outside the United Kingdom” means any country outside the United Kingdom in which there is a recognised stock exchange.
- (4) References in the Corporation Tax Acts to securities which are included in the official UK list are to securities which are included in the official list (within the meaning of Part 6 of FISMA 2000) in accordance with the provisions of that Part.
- (5) In this section—
- “recognised investment exchange” has the same meaning as in FISMA 2000 (see section 285 of that Act), and
- “securities” includes shares and stock.

1138 “Research and development”

- (1) This section has effect for the purposes of the provisions of the Corporation Tax Acts which apply this section.
- (2) “Research and development” means activities that fall to be treated as research and development in accordance with generally accepted accounting practice.

This is subject to subsections (3) and (4).

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Chapter 1. (See end of Document for details)

- (3) Activities that are “research and development” for the purposes of section 1006 of ITA 2007 as a result of regulations under that section are “research and development” for the purposes of this section.
- (4) Activities that are not “research and development” for the purposes of section 1006 of ITA 2007 as a result of regulations under that section are not “research and development” for the purposes of this section.
- (5) Unless otherwise expressly provided, “research and development” does not include oil and gas exploration and appraisal.

1139 “Tax advantage”

- (1) This section has effect for the purposes of the provisions of the Corporation Tax Acts which apply this section.
- (2) “Tax advantage” means—
 - (a) a relief from tax or increased relief from tax,
 - (b) a repayment of tax or increased repayment of tax,
 - (c) the avoidance or reduction of a charge to tax or an assessment to tax,^{F18} ...
 - (d) the avoidance of a possible assessment to tax^{F19, F20} ...
[the avoidance or reduction of a charge or assessment to a charge under Part 9A of TIOPA 2010 (controlled foreign companies),]^{F21} ...
 - (e) the avoidance or reduction of a charge or assessment to the bank levy under Schedule 19 to FA 2011 (the bank levy)^{F23}, or
 - (f) the avoidance or reduction of a charge to diverted profits tax.]
- (3) For the purposes of subsection (2)(c) and (d) it does not matter whether the avoidance or reduction is effected—
 - (a) by receipts accruing in such a way that the recipient does not pay or bear tax on them, or
 - (b) by a deduction in calculating profits or gains.

^{F24}(3A) The avoidance or reduction of a charge or assessment to the bank levy as a result of arrangements to which paragraph 47 of Schedule 19 to FA 2011 (bank levy: anti-avoidance) applies is to be ignored for the purposes of subsection (2)(e) to the extent that it results from arrangements, or part of arrangements, to which any of paragraph 47(7) to (12) of that Schedule applies.]

^{F25}(4)

Textual Amendments

- F18** Word in s. 1139(2)(c) omitted (19.7.2011) by virtue of [Finance Act 2011 \(c. 11\)](#), [Sch. 19 para. 48\(2\)\(a\)](#)
- F19** S. 1139(2)(e) and preceding word inserted (19.7.2011) by [Finance Act 2011 \(c. 11\)](#), [Sch. 19 para. 48\(2\)\(b\)](#)
- F20** Word in s. 1139(2)(d) omitted (17.7.2012) by virtue of [Finance Act 2012 \(c. 14\)](#), [Sch. 20 para. 40\(a\)](#)
- F21** S. 1139(2)(da) inserted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 20 para. 40\(b\)](#)
- F22** Word in s. 1139(2)(da) omitted (with effect in accordance with s. 116(1) of the amending Act) by virtue of [Finance Act 2015 \(c. 11\)](#), [s. 115\(3\)](#)

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Chapter 1. (See end of Document for details)

- F23** S. 1139(2)(f) and preceding word inserted (with effect in accordance with s. 116(1) of the amending Act) by [Finance Act 2015 \(c. 11\), s. 115\(3\)](#)
- F24** S. 1139(3A) inserted (19.7.2011) by [Finance Act 2011 \(c. 11\), Sch. 19 para. 48\(3\)](#)
- F25** S. 1139(4) omitted (with effect in accordance with Sch. 1 para. 73 of the amending Act) by virtue of [Finance Act 2016 \(c. 24\), Sch. 1 para. 48](#)

1140 “Unauthorised unit trust”

- (1) In the Corporation Tax Acts “unauthorised unit trust” means a unit trust scheme which is neither an authorised unit trust nor an umbrella scheme.
- (2) But if a unit trust scheme is not, under regulations made under section 1007(2) of ITA 2007, to be a unit trust scheme for the purposes of the definition of “unauthorised unit trust” in section 989 of that Act, it is not to be a unit trust scheme for the purposes of subsection (1).
- (3) In subsection (1) “umbrella scheme” has the same meaning as in section 619.

Changes to legislation:

There are currently no known outstanding effects for the Corporation Tax Act 2010, Chapter 1.