



# Corporation Tax Act 2009

## 2009 CHAPTER 4

### PART 2

#### CHARGE TO CORPORATION TAX: BASIC PROVISIONS

#### CHAPTER 1

##### THE CHARGE TO CORPORATION TAX

##### *Charge to tax on profits*

### **2 Charge to corporation tax**

- (1) Corporation tax is charged on profits of companies for any financial year for which an Act so provides.
- (2) In this Part “profits” means income and chargeable gains, except in so far as the context otherwise requires.
- (3) In this Act “the charge to corporation tax on income” means the charge under subsection (1) so far as relating to income.
- (4) The charge to corporation tax on income has effect in accordance with the provisions of the Corporation Tax Acts that deal with its application.

### **3 Exclusion of charge to income tax**

- (1) The provisions of the Income Tax Acts relating to the charge to income tax do not apply to income of a company if—
  - (a) the company is UK resident, or
  - (b) the company is not UK resident and the income is within its chargeable profits as defined by section 19.

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*Status: Point in time view as at 01/04/2009.*

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- (2) Subsection (1) does not apply to income accruing to a company in a fiduciary or representative capacity.

#### **4 Exclusion of charge to capital gains tax**

Capital gains tax is not charged on gains accruing to a company in respect of which the company is chargeable to corporation tax, or would be so chargeable but for an exemption.

### *General scheme of corporation tax*

#### **5 Territorial scope of charge**

- (1) A UK resident company is chargeable to corporation tax on all its profits wherever arising.
- (2) A non-UK resident company is within the charge to corporation tax only if it carries on a trade in the United Kingdom through a permanent establishment in the United Kingdom.
- (3) A non-UK resident company which carries on a trade in the United Kingdom through a permanent establishment in the United Kingdom is chargeable to corporation tax on all its profits wherever arising that are chargeable profits as defined in section 19 (profits attributable to its permanent establishment in the United Kingdom).
- (4) Subsections (1) and (3) are subject to any exceptions provided for by the Corporation Tax Acts.

#### **6 Profits accruing in fiduciary or representative capacity**

- (1) A company is not chargeable to corporation tax on profits which accrue to it in a fiduciary or representative capacity except as respects its own beneficial interest (if any) in the profits.
- (2) The exception under subsection (1) from chargeability does not apply to profits arising in the winding up of the company.

#### **7 Profits accruing under trusts**

Profits that accrue for the benefit of a company under a trust are treated for the purposes of the charge to corporation tax under section 2(1) as accruing directly to the company.

#### **8 How tax is charged and assessed**

- (1) Corporation tax for a financial year is charged on profits arising in the year.
- (2) Corporation tax is calculated and chargeable, and assessments to corporation tax are made, by reference to accounting periods.
- (3) Corporation tax which is assessed and charged for an accounting period of a company is assessed and charged on the full amount of profits arising in the accounting period.
- (4) Subsection (3) is subject to any contrary provision in the Corporation Tax Acts.

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- (5) If a company's accounting period falls within more than one financial year, the amount of the profits arising in the accounting period that is chargeable to corporation tax must be apportioned between the financial years in which the accounting period falls.

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