



# Corporation Tax Act 2010

## 2010 CHAPTER 4

### PART 12

#### REAL ESTATE INVESTMENT TRUSTS

### CHAPTER 11

#### PART 12: SUPPLEMENTARY

#### *Miscellaneous*

#### **599 Calculation of profits**

- (1) This section is about the calculation of profits for the purposes of any provision of this Part which provides that profits are to be calculated in accordance with this section.
- (2) Profits are to be calculated in the same way as profits of a UK property business are calculated for the purposes of the charge to tax under Chapter 3 of Part 4 of CTA 2009 (as to which see, in particular, section 210 of that Act).
- (3) Section 211(1) of CTA 2009 (property businesses: disregard of credits and debits from loan relationships and derivative contracts) does not apply in respect of—
  - (a) a loan relationship so far as it relates to property rental business,
  - (b) a hedging derivative contract so far as it relates to property rental business, or
  - (c) embedded derivatives so far as the host contract is entered into for the purposes of property rental business.
- (4) For the purposes of subsection (3)—
  - (a) a derivative contract is hedging in relation to a company so far as—
    - (i) it is acquired as a hedge of risk in relation to an asset by the exploitation of which property rental business is conducted, or
    - (ii) it is acquired as a hedge of risk in relation to a liability incurred in connection with property rental business,

---

*Changes to legislation: Corporation Tax Act 2010, Section 599 is up to date with all changes known to be in force on or before 27 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

---

- (b) a designation of a contract as wholly or partly hedging for the purposes of a company's accounts is conclusive,
  - (c) “embedded derivatives” is to be read in accordance with section 584 or 586 (as the case may be) of CTA 2009, and
  - (d) “the host contract” means—
    - (i) the contract mentioned in section 584(1)(a) of CTA 2009, or
    - (ii) the contract mentioned in section 586(1)(a) of that Act,
 as the case may be.
- (5) In subsection (4)(a)(i) the reference to an asset includes a reference to—
- (a) the value of an asset, and
  - (b) profits attributable to it.
- (6) Profits are to be calculated without regard to items giving rise to credits or debits which would be within Part 7 of CTA 2009 (derivative contracts) but for section 589(2)(b) and (c) of that Act (exclusion of share-based and unit trust-based contracts).
- (7) Income and expenditure relating partly to property rental business and partly to residual business are to be apportioned on a just and reasonable basis.
- (8) Section 3(1) of CAA 2001 (claims for capital allowances) does not apply; and any allowance which could be claimed under that provision is to be made automatically and reflected in the calculation of profits.
- [<sup>F1</sup>(9) No account is to be taken of Part 7ZA of this Act (restrictions on obtaining certain deductions in respect of carried-forward losses).]

#### Textual Amendments

- F1** S. 599(9) inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 168](#)

**Changes to legislation:**

Corporation Tax Act 2010, Section 599 is up to date with all changes known to be in force on or before 27 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.

[View outstanding changes](#)

**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 357CHA omitted by [2024 c. 3 Sch. 2 para. 14\(7\)](#)
- s. 658(1)(d)(e) inserted by [2010 c. 13 Sch. 6 para. 31](#) (This amendment not applied to [legislation.gov.uk](#). Sch. 6 para. 31 omitted (retrospective to 6.4.2010) by virtue of Finance Act 2012 (c. 14), s. 52(2) (3))