



Corporation Tax Act 2010

2010 CHAPTER 4

[^{F1}PART 7A

BANKING COMPANIES

[^{F1}CHAPTER 2

KEY DEFINITIONS

Textual Amendments

- F1** Pt. 7A inserted (with effect in accordance with Sch. 2 para. 7-9 of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 2 para. 1](#)

“Banking company”

269B Meaning of “banking company”

- (1) In this Part “banking company”, in relation to an accounting period, means—
- (a) a company which meets conditions A to E,
 - (b) a company which—
 - (i) meets conditions A and B, and
 - (ii) is a member of a partnership which meets conditions C to E, or
 - (c) a building society.

In subsections (4) to (6) “the relevant entity” means the company or the partnership (as the case may be).

- (2) Condition A is that at any time during the accounting period the company—
- (a) is a UK resident company, or

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, CHAPTER 2. (See end of Document for details)

- (b) is a company which carries on a trade in the United Kingdom through a permanent establishment in the United Kingdom.
- (3) Condition B is that the company is not an excluded entity at any time during the accounting period (see section 269BA).
- (4) Condition C is that, at any time during the accounting period, the relevant entity is an authorised person for the purposes of FISMA 2000 (see section 31 of that Act).
- [^{F2}(5) Condition D is that, at any time in the accounting period—
 - (a) the relevant entity's activities include the relevant regulated activity described in the provision mentioned in section 269BB(a), or
 - (b) the relevant entity is an investment bank (see subsection (6A)) whose activities consist wholly or mainly of any of the relevant regulated activities described in the provisions mentioned in section 269BB(b) to (f).]
- (6) Condition E is that the relevant entity carries on that relevant regulated activity, or those relevant regulated activities, wholly or mainly in the course of trade.
- [The relevant entity is an “investment bank” if—
- ^{F3}(6A) [^{F4}(a) it is an FCA investment firm that meets the conditions in subsection (6B), or]
 - (b) it is designated by the Prudential Regulation Authority under article 3 of the Financial Services and Markets Act 2000 (PRA-regulated Activities) Order 2013 (S.I. 2013/556) (dealing in investments as principal: designation by PRA).]
- [An FCA investment firm meets the conditions in this subsection if it has a permanent
- ^{F5}(6B) minimum capital requirement of £750,000 and is not—
 - (a) a limited activity firm,
 - (b) a limited licence firm,
 - (c) a local firm, or
 - (d) a matched principal trading firm.
- (6C) In subsection (6B)—
 - “limited activity firm” means an investment firm that—
 - (a) deals on own account only for the purpose of fulfilling or executing a client order or for the purpose of gaining entrance to a clearing and settlement system or a recognised exchange when acting in an agency capacity or executing a client order; or
 - (b) meets all the following conditions—
 - (i) it does not hold client money or securities;
 - (ii) it undertakes only dealing on own account;
 - (iii) it has no external customers; and
 - (iv) its execution and settlement transactions take place under the responsibility of a clearing institution and are guaranteed by that clearing institution;
 - “limited licence firm” means an investment firm that is not authorised to provide the investment services and activities of—
 - (a) dealing on own account; or
 - (b) underwriting of financial instruments or placing of financial instruments on a firm commitment basis;
 - “local firm” means a firm—

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, CHAPTER 2. (See end of Document for details)

- (a) dealing on own account on markets in financial futures or options or other derivatives and on cash markets for the sole purpose of hedging positions on derivatives markets, or
- (b) dealing for the accounts of other members of those markets and being guaranteed by clearing members of the same markets, where responsibility for ensuring the performance of contracts entered into by such a firm is assumed by clearing members of the same markets;

“matched principal trading firm” means an investment firm that executes investors’ orders for financial instruments and meets the following conditions—

- (a) the firm only holds financial instruments for its own account as a result of its failure to match investors’ orders precisely;
- (b) the total market value of all such positions is no more than 15% of the firm’s initial capital;
- (c) such positions are incidental and provisional in nature and strictly limited to the time required to carry out the transaction in question.

(6D) In determining, for the purposes of subsection (6B), whether an FCA investment firm has a permanent minimum capital requirement of £750,000, any transitional provision in the FCA Handbook is to be disregarded.]

(7) See also section 269BC (which contains definitions of terms used in this section).

Textual Amendments

- F2** S. 269B(5) substituted (retrospective to 26.3.2015) by [Finance \(No. 2\) Act 2015 \(c. 33\), s. 20\(9\)\(10\)\(a\)](#)
- F3** S. 269B(6A) inserted (retrospective to 26.3.2015) by [Finance \(No. 2\) Act 2015 \(c. 33\), s. 20\(9\)\(10\)\(b\)](#)
- F4** [S. 269B\(6A\)\(a\)](#) substituted (5.4.2022 with application in relation to any accounting period beginning on or after 1.1.2022) by [The Taxation of Banks \(Amendments to the Corporation Tax Act 2009, Corporation Tax Act 2010 and Finance Act 2011\) Regulations 2022 \(S.I. 2022/286\), regs. 1\(2\)\(5\)\(6\), 7\(2\)](#)
- F5** [S. 269B\(6B\)-\(6D\)](#) inserted (5.4.2022 with application in relation to any accounting period beginning on or after 1.1.2022) by [The Taxation of Banks \(Amendments to the Corporation Tax Act 2009, Corporation Tax Act 2010 and Finance Act 2011\) Regulations 2022 \(S.I. 2022/286\), regs. 1\(2\)\(5\)\(6\), 7\(3\)](#)

269BA Excluded entities

(1) For the purposes of section 269B “excluded entity” means any of the following entities—

- (a) an insurance company or an insurance special purpose vehicle;
- (b) an entity which is a member of a group and does not carry on any relevant regulated activities otherwise than on behalf of an insurance company or insurance special purpose vehicle which is a member of the group;
- (c) an entity which does not carry on any relevant regulated activities otherwise than as the manager of a pension scheme;
- (d) an investment trust;
- (e) an entity which does not carry on any relevant regulated activities other than asset management activities;

^{F6}(f)

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, CHAPTER 2. (See end of Document for details)

- [a commodity and emission allowance dealer;]
^{F7}(fa)
- (g) an entity which does not carry on any relevant regulated activities otherwise than for the purpose of trading in commodities or commodity derivatives;
 - (h) an entity which does not carry on any relevant regulated activities otherwise than for the purpose of dealing in contracts for differences—
 - (i) as principal with persons all or all but an insignificant proportion of whom are retail clients, or
 - (ii) with another person to enable the entity or other person to deal in contracts for differences as principal with persons all or all but an insignificant proportion of whom are retail clients;
 - (i) a society incorporated under the Friendly Societies Act 1992;
 - (j) a society registered as a credit union under the Co-operative and Community Benefit Societies Act 2014 or the Credit Unions (Northern Ireland) Order 1985 (S.I. 1985/1205 (N.I. 12));
 - (k) a building society.

- [For the purposes of section 269B an entity is also an “excluded entity” if—
^{F8}(1A)
- (a) the entity would fall within a relevant relieving provision but for one (and only one) line of business which it carries on,
 - (b) that line of business does not involve the relevant regulated activity described in the provision mentioned in section 269BB(a), and
 - (c) the entity's activities in that line of business would not, on their own, result in it being [^{F9}an FCA investment firm that meets the conditions in section 269B(6B)].

(1B) For the purposes of subsection (1A) the “relevant relieving provisions” are paragraphs (b), (c), (e), (g) and (h) of subsection (1).]

(2) For the meaning of “relevant regulated activity”, see section 269BB.

See also section 269BC (which contains definitions of other terms used in this section).

Textual Amendments

- F6** S. 269BA(1)(f) omitted (5.4.2022 with application in relation to any accounting period beginning on or after 1.1.2022) by virtue of [The Taxation of Banks \(Amendments to the Corporation Tax Act 2009, Corporation Tax Act 2010 and Finance Act 2011\) Regulations 2022](#) (S.I. 2022/286), regs. 1(2)(5)(6), **8(2)(a)**
- F7** S. 269BA(1)(fa) inserted (5.4.2022 with application in relation to any accounting period beginning on or after 1.1.2022) by [The Taxation of Banks \(Amendments to the Corporation Tax Act 2009, Corporation Tax Act 2010 and Finance Act 2011\) Regulations 2022](#) (S.I. 2022/286), regs. 1(2)(5)(6), **8(2)(b)**
- F8** S. 269BA(1A)(1B) inserted (15.9.2016) by [Finance Act 2016](#) (c. 24), **s. 56(8)**
- F9** Words in s. 269BA(1A)(c) substituted (5.4.2022 with application in relation to any accounting period beginning on or after 1.1.2022) by [The Taxation of Banks \(Amendments to the Corporation Tax Act 2009, Corporation Tax Act 2010 and Finance Act 2011\) Regulations 2022](#) (S.I. 2022/286), regs. 1(2)(5)(6), **8(3)**

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, CHAPTER 2. (See end of Document for details)

269BB Relevant regulated activities

In this Part “relevant regulated activity” means an activity which is a regulated activity for the purposes of FISMA 2000 by virtue of any of the following provisions of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544)—

- (a) article 5 (accepting deposits);
- (b) article 14 (dealing in investments as principal);
- (c) article 21 (dealing in investments as agent);
- (d) article 25 (arranging deals in investments);
- ^{F10}(da) [article 25DA (operating an organised trading facility), but only where dealing on own account in relation to sovereign debt instruments for which there is no liquid market (within the meaning of the FCA Handbook);]
- (e) article 40 (safeguarding and administering investments);
- (f) article 61 (entering into regulated mortgage contracts).

Textual Amendments

F10 S. 269BB(da) inserted (5.4.2022 with application in relation to any accounting period beginning on or after 5.4.2022) by [The Taxation of Banks \(Amendments to the Corporation Tax Act 2009, Corporation Tax Act 2010 and Finance Act 2011\) Regulations 2022](#) (S.I. 2022/286), regs. 1(2)(7)(8)(11), 9

269BC Banking companies: supplementary definitions

- (1) This section contains definitions of terms used in sections 269B to 269BB (and this section).
- (2) “Asset management activities” means activities which consist (or, if they were carried on in the United Kingdom, would consist) of any or all of the following—
 - (a) acting as the operator of a collective investment scheme (within the meaning of Part 17 of FISMA 2000: see sections 235 and 237 of that Act),
 - (b) acting as a discretionary investment manager for clients none of which is a linked entity (see subsection (3)), and
 - (c) acting as an authorised corporate director.
- (3) In subsection (2)(b) “linked entity”, in relation to an entity (“E”), means—
 - (a) a member of the same group as E,
 - (b) a company in which a company which is a member of the same group as E has a major interest (within the meaning of Part 5 of CTA 2009: see section 473 of that Act), or
 - (c) a partnership the members of which include an entity—
 - (i) which is a member of the same group as E, and
 - (ii) whose share of the profits or losses of a trade carried on by the partnership for an accounting period of the partnership any part of which falls within the relevant accounting period is at least a 40% share (see Part 17 of CTA 2009 for provisions about shares of partnership profits and losses).

“The relevant accounting period” means the accounting period referred to in section 269B(3).

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, CHAPTER 2. (See end of Document for details)

- (4) “Building society” has the same meaning as in the Building Societies Act 1986.
- ^{F11}(4A) [“FCA investment firm” has the meaning given by section 143A of FISMA 2000.]
- (5) “Insurance company” and “insurance special purpose vehicle” have the meanings given by sections 65 and 139 of FA 2012 respectively.
- (6) “Partnership” includes—
- (a) a limited liability partnership, and
 - (b) an entity established under the law of a territory outside the United Kingdom of a similar character to a partnership,
- and “member”, in relation to a partnership, is to be read accordingly.
- (7) The terms in subsection (8)—
- (a) in relation to a PRA-authorised person, have the meaning given by the [^{F12}PRA Rulebook];
 - (b) in relation to any other authorised person, have the meaning given by the FCA Handbook.
- (8) The terms referred to in subsection (7) are—
- “authorised corporate director”;
^{F13}
 - “contracts for differences”;
 - “discretionary investment manager”;
^{F13}
 - ^{F14} ...
 - ^{F13}
 - ^{F14} ...
 - ^{F14} ...
 - “pension scheme”;
 - “principal”;
 - “retail client”.
- ^{F15}(8A) [The following terms have the meaning given by the FCA Handbook -
- “commodity and emission allowance dealer”;
 - “dealing on own account”;
 - “financial instrument”;
 - “initial capital”;
 - “investment firm”;
 - “market value”;
 - “permanent minimum capital requirement”.]
- ^{F16}(9)
- (10) A company or partnership which would be [^{F17}an FCA investment firm that meets the conditions in section 269B(6B)] by virtue of activities carried on in the United Kingdom but for the fact that its registered office (or, if it does not have a registered office, its head office) is not in the United Kingdom is to be treated as being one for the purposes of section 269B.

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, CHAPTER 2. (See end of Document for details)

(11) In [^{F18}this Chapter]—

“authorised person” and “PRA-authorised person” have the same meaning as in FISMA 2000;

“the FCA Handbook” means the Handbook made by the Financial Conduct Authority under FISMA 2000 (as that Handbook has effect from time to time);

“the PRA [^{F19}Rulebook]” means the [^{F19}Rulebook] made by the Prudential Regulation Authority under FISMA 2000 (as that [^{F19}Rulebook] has effect from time to time).

Textual Amendments

- F11** S. 269BC(4A) inserted (5.4.2022 with application in relation to any accounting period beginning on or after 1.1.2022) by [The Taxation of Banks \(Amendments to the Corporation Tax Act 2009, Corporation Tax Act 2010 and Finance Act 2011\) Regulations 2022](#) (S.I. 2022/286), regs. 1(2)(5)(6), **10(2)**
- F12** Words in s. 269BC(7) substituted (5.4.2022 with application in relation to any accounting period beginning on or after 1.1.2022) by [The Taxation of Banks \(Amendments to the Corporation Tax Act 2009, Corporation Tax Act 2010 and Finance Act 2011\) Regulations 2022](#) (S.I. 2022/286), regs. 1(2)(5)(6), **10(3)**
- F13** Words in s. 269BC(8) omitted (retrospective to 26.3.2015) by virtue of [Finance \(No. 2\) Act 2015](#) (c. 33), s. 20(9)(**12(a)**)
- F14** Words in s. 269BC(8) omitted (5.4.2022 with application in relation to any accounting period beginning on or after 1.1.2022) by virtue of [The Taxation of Banks \(Amendments to the Corporation Tax Act 2009, Corporation Tax Act 2010 and Finance Act 2011\) Regulations 2022](#) (S.I. 2022/286), regs. 1(2)(5)(6), **10(4)**
- F15** S. 269BC(8A) inserted (5.4.2022 with application in relation to any accounting period beginning on or after 1.1.2022) by [The Taxation of Banks \(Amendments to the Corporation Tax Act 2009, Corporation Tax Act 2010 and Finance Act 2011\) Regulations 2022](#) (S.I. 2022/286), regs. 1(2)(5)(6), **10(5)**
- F16** S. 269BC(9) omitted (retrospective to 26.3.2015) by virtue of [Finance \(No. 2\) Act 2015](#) (c. 33), s. 20(9)(**12(b)**)
- F17** Words in s. 269BC(10) substituted (5.4.2022 with application in relation to any accounting period beginning on or after 1.1.2022) by [The Taxation of Banks \(Amendments to the Corporation Tax Act 2009, Corporation Tax Act 2010 and Finance Act 2011\) Regulations 2022](#) (S.I. 2022/286), regs. 1(2)(5)(6), **10(6)**
- F18** Words in s. 269BC(11) substituted (5.4.2022 with application in relation to any accounting period beginning on or after 1.1.2022) by [The Taxation of Banks \(Amendments to the Corporation Tax Act 2009, Corporation Tax Act 2010 and Finance Act 2011\) Regulations 2022](#) (S.I. 2022/286), regs. 1(2)(5)(6), **10(7(a))**
- F19** Word in s. 269BC(11) substituted (5.4.2022 with application in relation to any accounting period beginning on or after 1.1.2022) by [The Taxation of Banks \(Amendments to the Corporation Tax Act 2009, Corporation Tax Act 2010 and Finance Act 2011\) Regulations 2022](#) (S.I. 2022/286), regs. 1(2)(5)(6), **10(7(b))**

“Group”

269BD Meaning of “group”

(1) In this Part “group” means a group for the purposes of—

- (a) those provisions of international accounting standards relating to the preparation of consolidated financial statements (whether or not the company

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, CHAPTER 2. (See end of Document for details)

- that is the parent within the meaning of those provisions (“the parent company”) prepares financial statements under those standards), or
- (b) in a case where subsection (2) applies, those provisions of US GAAP which relate to the preparation of consolidated financial statements.
- (2) This subsection applies if—
- (a) as at the end of a period of account of the parent company—
- (i) the parent company is resident in a territory outside the United Kingdom,
 - (ii) generally accepted accounting practice for companies resident in that territory is or includes US GAAP, and
 - (iii) the parent company is a parent for the purposes of those provisions of US GAAP which relate to the preparation of consolidated financial statements (as well as being a parent for the purposes of the provisions mentioned in subsection (1)(a)), and
- (b) the parent company prepares consolidated financial statements for the period of account under US GAAP.
- (3) Accordingly, for the purposes of this Part a company is a member of a group if—
- (a) it is the parent company in relation to the group, or
 - (b) it is a member of the group for the purposes of the provisions mentioned in subsection (1)(a) or (b) (as the case may be).
- (4) In this section “US GAAP” means United States Generally Accepted Accounting Principles.
- (5) Section 1127(1) and (3) (meaning of “generally accepted accounting practice”) do not apply for the purposes of this section.

[^{F20}Powers to amend]

Textual Amendments

F20 S. 269BE cross-heading substituted (10.6.2021) by [Finance Act 2021 \(c. 26\), s. 134\(3\)](#)

269BE [^{F21}Powers to amend]

- (1) The Treasury may by regulations make such amendments of this Part as they consider appropriate in consequence of—
- (a) any change made to, or replacement of, the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544) (or any replacement);
 - (b) any change made to, or replacement of, the FCA Handbook or the [^{F22}PRA Rulebook] (or any replacement);
 - (c) any change in international accounting standards or US GAAP;
 - (d) any regulatory requirement, or change to any regulatory requirement, imposed by EU legislation, or by or under any Act (whenever adopted, enacted or made).

[The Treasury may by regulations—

^{F23}(1A) (a) amend sections 269B to 269BD;

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, CHAPTER 2. (See end of Document for details)

- (b) amend other provisions of this Part in consequence of provision made under paragraph (a).
- (1B) Regulations under this section may include transitional provision.
- (1C) Regulations under this section made on or before 30 June 2022 may have retrospective effect in relation to any accounting period ending on or after 1 January 2022.
- (1D) A statutory instrument containing (whether alone or with other provision) regulations under subsection (1A) may not be made unless a draft of the instrument has been laid before and approved by a resolution of the House of Commons.]
- (2) In this section—
“the FCA Handbook” and “the [F²⁴PRA Rulebook]” have the meaning given by section 269BC(11);
“US GAAP” has the meaning given by section 269BD(4).]

Textual Amendments

- F21** S. 269BE heading substituted (10.6.2021) by [Finance Act 2021 \(c. 26\), s. 134\(4\)\(a\)](#)
- F22** Words in [s. 269BE\(1\)\(b\)](#) substituted (5.4.2022 with application in relation to any accounting period beginning on or after 1.1.2022) by [The Taxation of Banks \(Amendments to the Corporation Tax Act 2009, Corporation Tax Act 2010 and Finance Act 2011\) Regulations 2022 \(S.I. 2022/286\)](#), regs. 1(2)(5)(6), [11](#)
- F23** S. 269BE(1A)-(1D) inserted (10.6.2021) by [Finance Act 2021 \(c. 26\), s. 134\(4\)\(b\)](#)
- F24** Words in [s. 269BE\(2\)](#) substituted (5.4.2022 with application in relation to any accounting period beginning on or after 1.1.2022) by [The Taxation of Banks \(Amendments to the Corporation Tax Act 2009, Corporation Tax Act 2010 and Finance Act 2011\) Regulations 2022 \(S.I. 2022/286\)](#), regs. 1(2)(5)(6), [11](#)

Changes to legislation:

There are currently no known outstanding effects for the Corporation Tax Act 2010, CHAPTER 2.