



Taxation (International and Other Provisions) Act 2010

2010 CHAPTER 8

[^{F1}PART 9A

CONTROLLED FOREIGN COMPANIES

CHAPTER 9

EXEMPTIONS FOR PROFITS FROM QUALIFYING LOAN RELATIONSHIPS

[^{F1}371IA The basic rule

- (1) This Chapter applies if—
 - (a) apart from this Chapter, Chapter 5 (non-trading finance profits) would apply for a CFC's accounting period,
 - (b) the CFC's non-trading finance profits include qualifying loan relationship profits, and
 - (c) the business premises condition set out in section 371DG is met.
- (2) A chargeable company (“company C”) in relation to the accounting period may make a claim to an officer of Revenue and Customs for step 2 in section 371BB(1) (the CFC charge gateway) to be taken, in the case of company C only, subject to this Chapter.
- (3) If company C makes a claim, in the case of company C only, the CFC's qualifying loan relationship profits pass through the CFC charge gateway so far as (and only so far as) they are not exempt under this Chapter.
- (4) The CFC's “qualifying loan relationship profits” are [^{F2}so much of the profits of all its qualifying loan relationships taken together as are non-trading finance profits which—
 - (a) fall within section 371EC (capital investment from the UK), and
 - (b) do not fall within section 371EB (UK activities).]

Changes to legislation: *There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, Section 3711A. (See end of Document for details)*

- (5) The extent to which those profits are “exempt” is to be determined—
- (a) firstly, by applying either section 3711B or section 3711D to each of the CFC's qualifying loan relationships, and
 - (b) secondly, by applying section 3711E (if relevant).
- (6) Section 3711F sets out how to determine the profits of a qualifying loan relationship.
- (7) Sections 3711G to 3711I define “qualifying loan relationship” etc.
- (8) Section 3711J contains provision about claims under this Chapter.
- (9) In this Chapter references to the CFC's non-trading finance profits are to those profits excluding any profits—
- (a) falling within section 371CB(3) or (4) or Chapter 8 (solo consolidation), or
 - (b) arising from a relevant finance lease.
- (10) In this Chapter—
- (a) “loan relationship” has the meaning given by section 302(1) of CTA 2009 (and does not include anything which, although not falling within section 302(1), is treated for any purpose as if it were a loan relationship), and
 - (b) other terms used which are defined in Part 5 of CTA 2009 are to be read accordingly.
- (11) See section 371CB(8) which deals with the interaction between this Chapter and section 371CB and Chapter 5 in the case of a chargeable company which makes a claim under this Chapter.]

Textual Amendments

- F1** Pt. 9A inserted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 20 para. 1](#) (with [ss. 56-58](#))
- F2** Words in [s. 3711A\(4\)](#) substituted (with effect in accordance with [s. 20\(5\)\(6\)](#) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [s. 20\(2\)](#)

Changes to legislation:

There are currently no known outstanding effects for the Taxation (International and Other Provisions) Act 2010, Section 371IA.