



Corporation Tax Act 2010

2010 CHAPTER 4

[^{F1}PART 7ZA U.K.]

RESTRICTIONS ON OBTAINING CERTAIN DEDUCTIONS

[^{F1}Relevant profits

Textual Amendments

- F1** Pt. 7ZA 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. 16](#)

269ZF “Relevant trading profits”[^{F2}, “total relevant non-trading profits” etc] **U.K.**

- (1) A company's “relevant trading profits” for an accounting period are—
- the company's qualifying trading profits for the accounting period (see subsection (3)), less
 - the company's trading profits deductions allowance for the accounting period (see section 269ZB(7)).

But if the allowance mentioned in paragraph (b) exceeds the profits mentioned in paragraph (a), the company's “relevant trading profits” for the accounting period are nil.

- (2) A company's [^{F3}“relevant non-trading income profits”] for an accounting period are—
- the company's [^{F4}qualifying non-trading income profits] for the accounting period (see subsection (3)), less
 - the company's [^{F5}non-trading income profits deductions allowance] for the accounting period (see section 269ZC(5)).

But if the allowance mentioned in paragraph (b) exceeds the profits mentioned in paragraph (a), the company's [^{F3c}“relevant non-trading income profits”] for the accounting period are nil.

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- [A company’s “relevant chargeable gains” for an accounting period are—
- ^{F6}(2A) (a) the company’s qualifying chargeable gains for the accounting period (see subsection (3)), less
- (b) the company’s chargeable gains deductions allowance for the accounting period (see section 269ZBA(5)).

But if the allowance mentioned in paragraph (b) exceeds the qualifying chargeable gains mentioned in paragraph (a), the company’s “relevant chargeable gains” for the accounting period are nil.

- (2B) A company’s “total relevant non-trading profits” for an accounting period are—
- (a) the sum of—
- (i) the company’s qualifying non-trading income profits for the period, and
- (ii) the company’s qualifying chargeable gains for the period, less
- (b) the company’s total non-trading profits deductions allowance for the period (see section 269ZC(3A)).]

- (3) To determine a company's qualifying trading profits^{F7}, qualifying non-trading income profits and qualifying chargeable gains] for an accounting period—

Step 1 - modified total profits

- (1) Calculate the company's total profits for the accounting period.
- (2) For the purposes of this subsection assume that the company's total profits for the accounting period are to be calculated with the modifications set out in subsection (4).
- (3) If the company's total profits for the accounting period (as modified under paragraph (2)) are not greater than nil, the company's qualifying trading profits^{F8}, qualifying non-trading income profits and qualifying chargeable gains] for the accounting period are [^{F9}each] nil.
- (4) Otherwise, proceed with steps 2 to 5.

Step 2 - negative amount for apportioning under step 4

- (1) Calculate the sum (“the step 2 amount”) of any amounts which (on the assumption set out in paragraph (2) of step 1), could be relieved against the company's total profits of the accounting period.
- (2) But in calculating that [^{F10}sum—]
- (a) ignore the amount of any excluded deductions for the accounting period (see subsection (5)) [^{F11}, and
- (b) ignore any amount (or any part of any amount) which could be relieved against the company’s total profits of the accounting period on the making of a claim in respect of the amount (or part) if a claim is not in fact made in respect of it.].
- (3) If the company's total profits for the accounting period (as modified under step 1(2)) do not exceed the amount given by this step, the qualifying trading profits^{F12}, qualifying non-trading income profits and qualifying chargeable gains] are [^{F13}each] nil.
- (4) Otherwise, proceed with steps 3 to 5.

^{F14}*Step 3 - trading profits, non-trading income profits and chargeable gains*

Divide the company’s total profits for the accounting period (as modified under step 1(2)) into—

- (a) profits of a trade of the company (the company’s “trading profits”),

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- (b) profits, other than chargeable gains, that are not profits of a trade of the company (the company's "non-trading income profits"), and
- (c) chargeable gains included in the total profits (the company's "chargeable gains").

Step 4 - apportionment of the step 2 amount

- (1) Allocate the whole of the step 2 amount to one of, or between two or all of, the following—
 - (a) the company's trading profits,
 - (b) the company's non-trading income profits, and
 - (c) the company's chargeable gains.
- (2) Reduce, but not below nil, each of the company's trading profits, non-trading income profits and chargeable gains by the amount (if any) allocated to it under paragraph (1).

Step 5 - amount of qualifying trading profits, qualifying non-trading income profits and qualifying chargeable gains

The amounts resulting from step 3, after any reduction under step 4, are—

- (a) in the case of the amount in step 3(a), the company's qualifying trading profits,
- (b) in the case of the amount in step 3(b), the company's qualifying nontrading income profits, and
- (c) in the case of the amount in step 3(c), the company's qualifying chargeable gains.]

- (4) For the purposes of subsection (3) the company's total profits for an accounting period are to be calculated with the following modifications—
 - (a) ignore any income so far as it falls within, and is dealt with under, Part 9A of CTA 2009 (company distributions);
 - (b) ignore any ring fence profits (as defined in section 276);
 - (c) ignore any contractor's ring fence profits (as defined in section 356LD);
 - (d) if the company is an insurance company, ignore any I-E profit (see section 141(2) of FA 2012);
 - (e) make no deductions under sections 45(4)(b) and 45B (carry forward of trade loss against subsequent trade profits) other than deductions that would be ignored for the purposes of section 269ZB by reason of—
 - (i) section 1209(3), 1210(5A) or 1211(7A) of CTA 2009 (losses of film trade),
 - (ii) section 1216DA(3), 1216DB(5A) or 1216DC(7A) of that Act (losses of television programme trade),
 - (iii) section 1217DA(3), 1217DB(5A) or 1217DC(7A) of that Act (losses of video game trade),
 - (iv) section 1217MA(3) or 1217MC(9) of that Act (losses of theatrical trade),
 - (v) section 1217SA(3) or 1217SC(9) of that Act (losses of orchestral trade),
 - (vi) section 1218ZDA(3) or 1218ZDC(9) of that Act (losses of museum or gallery exhibition trade),
 - (vii) section 65(4B) or 67A(5A) (losses of UK or EEA furnished holiday lettings business),
 - (viii) section 269ZJ(1) (insurance companies: shock losses),

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- (ix) section 304(7) (certain losses of ring fence trades), or
 - (x) section 356NJ(2) (pre-1 April 2017 loss arising from oil contractor activities);
 - (f) make no restricted deductions (as defined in section 269ZB(4)) under section 303B(4) or 303D(5);^{F15} ...
 - (g) make no deductions under section 457(3) or 463H(5) of CTA 2009 (carry forward of non-trading deficits from loan relationships against subsequent non-trading profits), other than deductions that would be ignored for the purposes of section 269ZC by reason of section 269ZJ(2) (insurance companies: shock losses)^{F16}; and
 - (h) make no deductions under section 2A(1)(b) of TCGA 1992 (allowable losses accruing in earlier accounting periods).]
- (5) The following are “excluded deductions” for an accounting period (“the current accounting period”)—
- (a) a deduction for the current accounting period which is a relevant deduction for the purposes of section 269ZD (see subsection (3) of that section);
 - (b) a deduction under section 37 (relief for trade losses against total profits) in relation to a loss made in an accounting period after the current accounting period;
 - (c) a deduction under section 45F (terminal losses);
 - (d) a deduction under section 260(3) of CAA 2001 (special leasing of plant or machinery: carry back of excess allowances) in relation to capital allowances for an accounting period after the current accounting period; and
 - (e) a deduction under section 463E of CTA 2009 (non-trading deficit from loan relationships) in relation to a deficit for a period after the current accounting period.

Textual Amendments

- F2** Words in s. 269ZF heading substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 29\(6\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F3** Words in s. 269ZF(2) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 29\(2\)\(a\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F4** Words in s. 269ZF(2)(a) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 29\(2\)\(b\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F5** Words in s. 269ZF(2)(b) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 29\(2\)\(c\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F6** S. 269ZF(2A)(2B) inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 5](#), 42 (with [Sch. 4 paras. 43-46](#))
- F7** Words in s. 269ZF(3) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 29\(3\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F8** Words in s. 269ZF(3) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 29\(4\)\(a\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F9** Word in s. 269ZF(3) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 29\(4\)\(b\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F10** Words in s. 269F(3) substituted (retrospectively) by [Finance Act 2021 \(c. 26\)](#), [Sch. 8 paras. 9\(a\)](#), 19
- F11** Words in s. 269F(3) inserted (retrospectively) by [Finance Act 2021 \(c. 26\)](#), [Sch. 8 paras. 9\(b\)](#), 19
- F12** Words in s. 269ZF(3) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 29\(5\)\(a\)](#), 42 (with [Sch. 4 paras. 43-46](#))

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- F13** Word in s. 269ZF(3) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 29\(5\)\(b\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F14** Words in s. 269ZF(3) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 6](#), 42 (with [Sch. 4 paras. 43-46](#))
- F15** Word in s. 269ZF(4)(f) omitted (with effect in relation to accounting periods beginning on or after 1.4.2020) by virtue of [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 7\(a\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F16** S. 269ZF(4)(h) and word inserted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 7\(b\)](#), 42 (with [Sch. 4 paras. 43-46](#))

“Relevant profits” U.K.

F17 **269ZFA**

- (1) A company’s “relevant profits” for an accounting period are—
- (a) the company’s qualifying profits for the accounting period, less
 - (b) the company’s deductions allowance for the accounting period (see [\[^{F18}section 269ZDA\]](#)).
- [\[^{F19}But if the allowance mentioned in paragraph \(b\) exceeds the profits mentioned in paragraph \(a\), the company’s “relevant profits” for the accounting period are nil.\]](#)
- (2) A company’s “qualifying profits” for an accounting period are—
- (a) the amount given by paragraph (1) of step 1 in section 269ZF(3) in determining the company’s [\[^{F20}modified total profits\]](#) for the accounting period, less
 - (b) the amount given by paragraph (1) of step 2 in section 269ZF(3) [\[^{F21}which could be relieved against\]](#) those profits for the accounting period.]]

Textual Amendments

- F17** S. 269ZFA inserted (with effect in accordance with Sch. 10 para. 32 of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 10 para. 8](#)
- F18** Words in s. 269ZFA(1)(b) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 30\(2\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F19** Words in s. 269ZFA(1) inserted (retrospectively) by [Finance Act 2021 \(c. 26\)](#), [Sch. 8 paras. 10, 19](#)
- F20** Words in s. 269ZFA(2)(a) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 30\(3\)\(a\)](#), 42 (with [Sch. 4 paras. 43-46](#))
- F21** Words in s. 269ZFA(2)(b) substituted (with effect in relation to accounting periods beginning on or after 1.4.2020) by [Finance Act 2020 \(c. 14\)](#), [Sch. 4 paras. 30\(3\)\(b\)](#), 42 (with [Sch. 4 paras. 43-46](#))

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