



# Corporation Tax Act 2009

## 2009 CHAPTER 4

### PART 7 **U.K.**

#### DERIVATIVE CONTRACTS

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#### CHARGEABLE GAINS ARISING IN RELATION TO DERIVATIVE CONTRACTS

*Derivative contracts to which sections 640 and 641 apply*

#### **650 Property based total return swaps **U.K.****

- (1) This section applies to a derivative contract of a company for an accounting period if each of conditions A [<sup>F1</sup>to H] is met.
- (2) Condition A is that the derivative contract is a contract for differences.
- (3) Condition B is that one or more indices are specified in the contract.
- (4) Condition C is that at least one index so specified (“the capital value index”) is an index of changes in the value of land.
- (5) Condition D is that the underlying subject matter of the derivative contract also includes interest rates.
- (6) Condition E is that the company is not a party to the derivative contract at any time in the accounting period for the purposes of a trade carried on by it.
- (7) Condition F is that the company is not an excluded body.
- [<sup>F2</sup>(8) Condition G is that no two or more of the parties to the derivative contract are connected persons.

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**Changes to legislation:** Corporation Tax Act 2009, Section 650 is up to date with all changes known to be in force on or before 26 July 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

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(9) Condition H is that the securing of a tax advantage is neither the main purpose, nor one of the main purposes, for which the company is a party to the derivative contract.

“Tax advantage” has the meaning given by section 1139 of CTA 2010.]

**Textual Amendments**

- F1** Words in s. 650(1) substituted (with effect in accordance with s. 41(5)(6) of the amending Act) by [Finance Act 2013 \(c. 29\), s. 41\(3\)\(a\)](#)
- F2** S. 650(7)(8) inserted (with effect in accordance with s. 41(5)(6) of the amending Act) by [Finance Act 2013 \(c. 29\), s. 41\(3\)\(b\)](#)

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

- Blanket amendment words substituted by [S.I. 2011/1043 art. 34](#)

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

- s. 322(2A)(zb) inserted by [2016 c. 24 s. 73\(5\)](#)
- s. 1058B(5)(ea) inserted by [2023 c. 20 Sch. para. 57](#)
- s. 1094(2A)-(2C) inserted by [2012 c. 14 Sch. 3 para. 13\(3\)](#)
- s. 1106(4A)-(4C) inserted by [2012 c. 14 Sch. 3 para. 14\(3\)](#)