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PART 1

RESIDENTIAL PROPERTY DEVELOPER TAX

Introduction

1 Introduction

This Part provides for a tax (known as "residential property developer tax" or "RPDT") to be charged on residential property development profits of a residential property developer ("RP developer") in relation to a chargeable accounting period.

Key concepts

2 RP developers

(1) A company is an RP developer if—

(a) it is within the charge to corporation tax;

(b) it undertakes residential property development activities ("RPD activities"), and

(c) it is not a non-profit housing company.

(2) A company is a non-profit housing company for the purposes of this Part if it is—

(a) a non-profit registered provider of social housing;

(b) a registered social landlord under Part 1 of the Housing Act 1996 (registered social landlords in Wales);

(c) a registered social landlord under Part 2 of the Housing (Scotland) Act 2010 (asp 17);

(d) a registered housing association under Chapter 2 of Part 2 of the Housing (Northern Ireland) Order 1992 (S.I. 1992/1725 (N.I.));

(e) a wholly owned subsidiary of a company within paragraphs (a) to (d).

(3) The Treasury may by regulations make provision amending the definition of non-profit housing company.

(4) Regulations under subsection (3) may modify this Part.

3 RPD activities

(1) Activities are RPD activities if they are carried out by an RP developer—

(a) on, or in connection with, land in the United Kingdom in which the RP developer has, or had, an interest (see section 4), and

(b) for the purposes of, or in connection with, the development of residential property (see section 5).

(2) For the purposes of subsection (1)(b), activities that are carried out for the purposes of, or in connection with, the development of residential property include—

(a) dealing in residential property;
(b) designing it;
(c) seeking planning permission in relation to it;
(d) constructing or adapting it;
(e) marketing it;
(f) managing it;
(g) any activities ancillary to any of these other activities.

4 RPD activities: interest in land

(1) An RP developer has, or had, an interest in land if—

(a) the developer or a related company has, or had—

(i) an estate, interest, right or power in or over the land, or
(ii) the benefit of an obligation, restriction or condition affecting the value of an estate, interest, right or power in or over the land

other than an excluded interest, and

(b) that estate, interest, right or power forms, or formed, part of the developer's, or the related company's, trading stock of a trade which includes carrying out activities for the purposes of, or in connection with, the development of residential property (within the meaning of section 3).

(2) A company is related to an RP developer if—

(a) it is a member of the same group;
(b) it is a relevant joint venture company (within the meaning of section 10) and the RP developer or a member of the same group as the RP developer—

(i) holds at least 10% of the relevant joint venture company's ordinary share capital, or
(ii) in a case where the relevant joint venture company does not have ordinary share capital, is beneficially entitled to at least 10% of the profits of the company that are available for distribution to equity holders of the company.

(3) The following interests are "excluded interests"—

(a) any interest or right held for securing the payment of money or the performance of any other obligation, and
(b) a licence to use or occupy land.

(4) In this section and in section 2, "land" includes buildings and structures.

(5) In this section "trading stock", in relation to a trade, means an estate, interest, right or power in or over land—

(a) which is disposed of in the ordinary course of the trade, or
(b) which would be so disposed of on the completion of activities that are carried out for the purposes of, or in connection with, the development of residential property (within the meaning of section 3).

(6) In subsection (5), references to a disposal have the same meaning as in TCGA 1992 (see section 21 of that Act (assets and disposals)).

5 RPD activities: residential property

(1) For the purposes of this Part, "residential property" means—

(a) a building that is designed or adapted, or is in the process of being constructed or adapted, for use as a dwelling,

(b) land that is or forms part of the garden or grounds of a building within paragraph (a) (including any building or structure on such land),

(c) an interest in or right over land that subsists for the benefit of a building within paragraph (a) or of land within paragraph (b), or

(d) land in respect of which planning permission is being sought or has been granted so that it, or a building on, interest in or right over it, will fall within any of paragraphs (a) to (c).

(2) A building is not within subsection (1)(a) if it is designed or adapted, or in the process of being constructed or adapted, for use primarily as—

(a) a home or other institution providing residential accommodation for children;

(b) a home or other institution providing residential accommodation with personal care for persons in need of personal care because of old age, disability, past or present dependence on alcohol or drugs or past or present mental disorder;

(c) residential accommodation for members of the armed forces;

(d) residential accommodation for members of the emergency services or persons working in a hospital;

(e) a hospital or hospice;

(f) temporary sheltered accommodation;

(g) a prison or similar establishment;

(h) a hotel or inn or similar establishment;

(i) a monastery, nunnery or similar establishment;

(j) student accommodation.

(3) A building is designed or adapted, or being constructed or adapted, for use as student accommodation for the purposes of subsection (2)(j) if—

(a) the building is designed or adapted, or being constructed or adapted, for use by persons who will occupy it wholly or mainly for undertaking a course of education (including school pupils), and

(b) it is reasonable to expect that the building will be occupied by such persons on at least 165 days a year.

6 RPD profits or losses

An RP developer's residential property developer profits or losses ("RPD profits" or "RPD losses") in relation to an accounting period are calculated as follows (with a positive figure being RPD profits and a negative figure being RPD losses)—

$$A + B - C - D - E$$

where—

"A" is the amount of the developer's adjusted trading profits, or as the case may be, adjusted trading losses (expressed as a negative figure) in relation to that accounting period (see section 9);

"B" is the amount of any joint venture profits, or as the case may be, losses (expressed as a negative figure) that are attributable to the developer in relation to that accounting period (see section 10);

"C" is the amount of allowable loss relief which the developer is given in relation to that accounting period (see Part 1 of Schedule 1);

"D" is the amount of allowable group relief claimed by the developer in relation to that accounting period (see Part 2 of Schedule 1);

"E" is the amount of allowable carried forward group relief claimed by the developer in relation to that accounting period (see Part 3 of Schedule 1).

7 Chargeable accounting periods

(1) A chargeable accounting period is an RP developer's accounting period for corporation tax purposes that ends on or after 1 April 2022.

(2) Where an RP developer has an accounting period for corporation tax purposes beginning before 1 April 2022 and ending on or after that date ("the straddling period"), subsections (3) and (4) apply.

(3) For the purposes of determining whether the tax is chargeable on the developer for the straddling period and, if so, in what amount—

(a) so much of the straddling period as falls before 1 April 2022, and so much of that period as falls on or after that date, are to be treated as separate accounting periods, and

(b) where it is necessary to apportion an amount for the straddling period to the two separate accounting periods, it is to be apportioned on a time basis according to the respective lengths of the periods.

(4) Accordingly, the tax chargeable on the developer for the straddling period (if any) is equal to the tax that would be chargeable on the developer, in accordance with subsection (3), for the separate accounting period beginning with 1 April 2022.

Charge to tax

8 Charge to tax

(1) A sum equal to [x%] of an RP developer's RPD profits in relation to a chargeable accounting period, so far as they exceed its allowance for the period, is to be charged on the developer as if it were an amount of corporation tax chargeable on the developer.

(2) An RP developer's "allowance" for a chargeable accounting period is to be determined in accordance with section 13.

Profits and losses

9 Adjusted trading profits and losses

(1) In section 6, "adjusted trading profits" and "adjusted trading losses" mean the amounts that would be determined as the developer's trading profits or trading losses (as the case may be) for corporation tax purposes for an accounting period if the matters mentioned in subsection (2) were ignored.

(2) The matters referred to in subsection (1) are—

(a) so far as they are derived from or related to activities other than RPD activities—

(i) profits and losses, and

(ii) amounts of allowances in respect of capital expenditure (and charges in connection with those allowances);

(b) profits of a charitable trade carried on by a charitable company (within the meanings of Part 11 of CTA 2010) so far as they are applied to the purposes of the charitable company only;

(c) any amounts of loss relief, group relief or group relief for carried forward losses under Parts 4 to 5A of CTA 2010 that would otherwise be available to the developer;

(d) any credits or debits that would otherwise be taken into account in relation to loan relationships as a result of Part 5 of CTA 2009;

(e) any credits or debits that would otherwise be brought into account in accordance with Part 7 of CTA 2009 (derivative contracts).

(3) For the purposes of subsection (2)(a) a developer may apportion profits and losses, or amounts of allowances or charges, derived from or related to RPD activities and other activities on a just and reasonable basis.

10 Attributable joint venture profits and losses

(1) For the purposes of section 6, the amount of any joint venture profits or losses (as the case may be) that are attributable to a developer for an accounting period is determined in accordance with this section.

(2) Joint venture profits means the RPD profits of a relevant joint venture company so far as they fall below the joint venture company's allowance for that period (and, accordingly, the joint venture company is not charged to the tax in respect of them).—

(3) Joint venture losses means the RPD losses of a relevant joint venture company.

(4) A company is a relevant joint venture company if—

(a) it is an RP developer,

(b) it is not a 75% subsidiary of another company, and

(c) there are five or fewer persons who between them—

(i) hold 75% or more of its ordinary share capital, or

(ii) in a case where the company does not have ordinary share capital, are beneficially entitled to 75% or more of the profits of the company available for distribution to equity holders of the company.

(5) In determining whether there are five or fewer such persons as are mentioned in subsection (4)(c), members of a group are treated as if they were a single person.

(6) Joint venture profits or losses are attributable to a developer if the developer—

(a) holds at least 10% of the relevant joint venture company's ordinary share capital, or

(b) in a case where the relevant joint venture company does not have ordinary share capital, is beneficially entitled to at least 10% of the profits of the company that are available for distribution to equity holders of the company,

but, in relation to the attribution of joint venture losses, this is subject to subsection (7)

(7) Joint venture losses are attributable to a developer only if the developer and the relevant joint venture company both so elect by notice to an officer of Revenue and Customs no later than the end of the period of 2 years beginning with the last day of the accounting period of the developer for which the losses are to be attributed.

(8) The amount that is attributable to the developer is an amount equal to the percentage of the joint venture company's profits that are available for distribution to equity holders and to which the developer is entitled.

(9) If a relevant joint venture company's accounting period does not coincide with the developer's accounting period—

(a) for the purposes of subsection (2), the joint venture company's allowance for a period, and

(b) the amount of joint venture profits or losses allocated to the developer under subsection (8),

are to be apportioned on a time basis according to the lengths of the periods falling in different chargeable accounting periods of the developer.

(10) Subsection (11) applies where joint venture company losses of a relevant joint venture company are attributed to a developer under this section.

(11) For the purposes of this Part the amount that is available to be carried forward or surrendered by the relevant joint venture company under Schedule 1 is reduced by that amount.

11 Reliefs

In Schedule 1—

(a) Part 1 makes provision about loss relief in relation to adjusted trading losses;

(b) Part 2 makes provision about group relief in relation to adjusted trading losses;

(c) Part 3 makes provision about group relief in relation to carried forward adjusted trading losses;

(d) Part 4 makes supplementary provision in connection with Parts 2 and 3.

12 Reliefs: restrictions

(1) For the purposes of section 6, the amount that may be deducted in respect of C and E in relation to a chargeable accounting period may not exceed the relevant maximum.

(2) In a case where the calculation of A+B in section 6 gives an amount in respect of the developer that is less than or equal to the developer's allowance, the relevant maximum is the amount that would reduce that amount to £0.

(3) In a case where the calculation of A+B in section 6 gives an amount in respect of the developer that is greater than the developer's allowance for the accounting period, the relevant maximum is calculated as follows—

$$\frac{(A + B - Z)}{2} - D$$

where—

"A", "B" and "D" have the same meanings as in section 6;

"Z" is the developer's allowance for the accounting period.

(If the formula gives a negative amount, the relevant maximum is £0.)

(4) Subsection (5) applies where the effect of subsection (3) is to reduce the amount that would otherwise have been available to be deducted in respect of C and E in relation to an accounting period ("the total amount").

(5) For the purposes of this Part the amount that is available to be carried forward under Schedule 1 is—

(a) where the total amount is greater than the developer's allowance for the accounting period, an amount equal to the total amount minus that allowance, or

(b) where the total amount is less than or equal to the developer's allowance for the accounting period, £0.

Allowance

13 Allowance

(1) Where an RP developer is the allocating member of a group ("group G"), its allowance in respect of a chargeable accounting period ("period A") is—

(a) where period A is a year, [£x];

(b) where period A is less than a year, [£x] reduced by a pro rata amount.

(2) Where an RP developer is a receiving member of group G in respect of one of its chargeable accounting periods ("period B"), its allowance in respect of period B is such amount as the allocating member may allocate to it out of the allocating member's allowance in respect of period A.

(3) Where—

(a) an RP developer is a member of a group at any time in one of its chargeable accounting periods, and

(b) an allocating member of the group has not been nominated for that accounting period,

the RP developer's allowance for that period is the amount determined in accordance with subsection (4).

(4) The amount is—

(a) where the chargeable accounting period is a year, [£x] divided by the number of members of the group at the end of the group's ultimate parent's (within the meaning of section 19) accounting period in which the end of the chargeable accounting period of the RP developer falls;

(b) where the chargeable accounting period is less than a year, the sum determined under paragraph (a) reduced by a pro-rata amount.

(5) In any case not falling within subsections (1) to (3), an RP developer's allowance in respect of a chargeable accounting period is—

(a) where the chargeable accounting period is a year, [£x];

(b) where the chargeable accounting period is less than a year, [£x] reduced by a pro-rata amount.

(6) An RP developer is the allocating member of group G if it has been nominated to be the allocating member in accordance with regulations made under subsection (9).

(7) An RP developer is a receiving member of group G in respect of period B if—

(a) period B ends at the same time as, or during, period A, and

(b) the RP developer is a member of the group at the end of period A.

(8) The receiving member may claim the allowance in respect of period B only if—

(a) an allowance allocation statement has been submitted on behalf of the group in accordance with regulations under subsection (9), and

(b) the allowance claimed by the developer is for the amount allocated to it in that statement.

(9) The Commissioners may by regulations make provision for and about—

(a) the nomination of an RP developer in a group to be the allocating member of the group;

(b) changing the allocating member of a group;

(c) the submission by the allocating member to HMRC of an allowance allocation statement specifying how much of its allowance in respect of period A it has allocated to a receiving member in respect of period B.

(10) Regulations under subsection (9) may, among other things, make provision about—

(a) the contents of an allowance allocation statement;

(b) when an allowance allocation statement is to be submitted;

(c) when and how an allowance allocation statement may or must be amended on behalf of a group;

(d) when and how an allowance allocation statement may be amended by an officer of HMRC;

(e) the amendment of company tax returns in consequence of an allowance allocation statement (including provision altering time limits that would otherwise apply);

(f) the consequences for any developer that is a member of a group of the group not having an allocating member.

(11) This section is subject to section 14.

14 Allowance: joint venture companies

(1) This section applies for the purposes of calculating the allowance of a relevant joint venture company in respect of a chargeable accounting period where a body ("B") that is not liable to the tax other than by virtue of being a non-profit housing company—

(a) holds at least 10% of the relevant joint venture company's ordinary share capital (the "ordinary share capital"), or

(b) in a case where the relevant joint venture company does not have ordinary share capital, is beneficially entitled to at least 10% of the profits of the company that are available for distribution to equity holders of the company (the "available profits").

(2) The relevant joint venture company's allowance for a chargeable accounting period that is the same as or overlaps with a specific financial year ("year X") is—

(a) the amount that would otherwise have been the relevant joint venture company's allowance for that chargeable accounting period in accordance with section 13(5), reduced by the relevant percentage, or

(b) where B allocates an allowable amount to the relevant joint venture company out of B's notional allowance for year X, the sum of that amount and the amount calculated in accordance with paragraph (a).

(3) For the purposes of subsection (2)—

(a) the relevant percentage is the percentage of the relevant joint venture company's available profits that are available for distribution to equity holders and to which B is entitled;

(b) B's notional allowance for year X is [£x];

(c) an amount is allowable if it does not exceed—

$$\frac{A}{365} \times P$$

where—

"A" is the number of days in the relevant joint venture company's chargeable accounting period that fall within year X;

"P" is an amount equal to the relevant percentage of B's notional allowance.

(4) The relevant joint venture company's allowance is determined in accordance with subsection (2)(b) only if—

(a) B has submitted a notional allowance statement in respect of the relevant joint venture company in accordance with regulations under subsection (5), and

(b) the allowance claimed by the relevant joint venture company is for an amount calculated in accordance with subsection (2)(b), on the basis of that notional allowance statement.

(5) The Commissioners may by regulations make provision for and about—

(a) the disapplication of this section in circumstances set out in the regulations;

(b) the submission by B to HMRC of a notional allowance statement specifying how much of its notional allowance in respect of year X it has allocated to a relevant joint venture company in respect of any of the company's chargeable accounting periods that end during or at the same time as year X.

(6) Regulations made in reliance on subsection (5)(b) may, among other things, make provision about—

(a) the contents of a notional allowance statement;

(b) when a notional allowance statement is to be submitted;

(c) when and how the notional allowance statement may or must be amended by B or the relevant joint venture company;

(d) when and how a notional allowance statement may be amended by an officer of HMRC;

(e) the amendment of company tax returns in consequence of a notional allowance statement (including provision altering time limits that would otherwise apply).

(7) Expressions used in this section and in section 13 have the same meaning in this section as in that section.

Administration and enforcement

15 Collection, management and payment of tax

(1) The Commissioners for Her Majesty's Revenue and Customs ("HMRC") are responsible for the collection and management of the tax.

(2) All enactments applying generally to corporation tax apply to the tax.

(3) Subsection (2) is subject to—

(a) the provisions of the Taxes Acts, and

(b) any necessary modifications.

(4) Schedule 2 make further provision (including transitional provision) about the management, administration and payment of the tax.

16 Requirement to provide information about payments

(1) This section applies if—

(a) a sum is chargeable on an RP developer under section 8, for a chargeable accounting period, as if it were an amount of corporation tax, and

(b) a payment is made (whether or not by the RP developer) that is wholly or partly in respect of that sum.

(2) The responsible company must notify an officer of Revenue and Customs in writing, on or before the date the payment is made, of the amount of the payment that is in respect of the sum that is chargeable under section 8.

(3) The "responsible company" is—

(a) in a case where the RP developer is party to relevant group payment arrangements, the company that is, under those arrangements, to discharge the liability of the RP developer to pay residential property developer tax for the chargeable accounting period;

(b) in any other case, the RP developer.

(4) "Relevant group payment arrangements" means arrangements under section 59F(1) of TMA 1970 (arrangements for paying corporation tax on behalf of group members) that relate to the chargeable accounting period.

(5) The requirement in subsection (2) is to be treated, for the purposes of Part 7 of Schedule 36 to FA 2008 (information and inspection powers: penalties), as a requirement in an information notice.

(6) This section is subject to any provision to the contrary in regulations under section 59E of TMA 1970 (further provision as to when corporation tax is due and payable).

17 Non-profit housing companies: exit charge

(1) This section applies where—

(a) a company ("A") ceases to be a non-profit housing company, and

(b) not all of the assets of the company have been distributed to another non-profit housing company or companies before the end of the relevant period.

(2) For the purposes of subsection (1) the relevant period is the period beginning with the day on which A ceases to be a non-profit housing company and ending on—

(a) the first anniversary of the last day of the accounting period for corporation tax purposes in which A ceased to be a non-profit housing company, or

(b) such later day as an officer of Revenue and Customs may allow.

(3) This section also applies where—

(a) a non-profit housing company ("A") ceases to be a wholly owned subsidiary of another non-profit housing company ("B"), and

(b) an interest in A is acquired by a company that—

(i) controls, or is under the same control as, B, and

(ii) is not a non-profit housing company.

(4) For the purposes of the tax—

(a) A is not to be treated as a non-profit housing company for the accounting period for corporation tax purposes ("the exit period") in which it ceased to be a non-profit housing company or a wholly owned subsidiary of another non-profit housing company,

(b) A's RPD profits for the exit period are the total of what would have been A's, and (subject to subsection (5)(b)) any of A's wholly owned subsidiaries', chargeable amounts for accounting periods ending in the period ("the exit charge period")—

(i) beginning with the day ("the starting day") four years before the day on which A ceased to be a non-profit housing company or a wholly owned subsidiary of another non-profit housing company, and

(ii) ending with the last day of the exit period,

if, throughout the exit charge period, A had not been a non-profit housing company, and

(c) A's allowance in respect of the exit period is £0.

(5) For the purposes of subsection (4)(b)—

(a) "chargeable amount" means the amount of RPD profits in excess of what would have been A's, or A's wholly owned subsidiaries', allowance, but

(b) RPD profits of any of A's wholly owned subsidiaries ("subsidiary profits") are not to be taken into account for the purposes of calculating A's chargeable amount where, and to the extent that, those subsidiary profits are separately charged to the tax as a result of this section applying by virtue of subsection (3)

(6) Where A, or any of A's wholly owned subsidiaries, has an accounting period for corporation tax purposes beginning before the starting day and ending on or after that date ("the straddling period"), subsections (7) and (8) apply for the purposes of subsection (4)(b).

(7) For the purposes of determining what would have been A's, or A's wholly owned subsidiaries', RPD profits for the straddling period and, if so, in what amount—

(a) so much of the straddling period as falls before the starting day, and so much of that period as falls on or after that date, are to be treated as separate accounting periods, and

(b) where it is necessary to apportion an amount for the straddling period to the two separate accounting periods, it is to be apportioned on a time basis according to the respective lengths of the periods.

(8) Accordingly, what would have been A's, or A's wholly owned subsidiaries', RPD profits in respect of the straddling period (if any) are equal to what would have been A's, or A's wholly owned subsidiaries', RPD profits, in accordance with subsection (7), in respect of the separate accounting period beginning with the starting day.

18 Anti-forestalling: accelerated profits

(1) This section applies if—

(a) trading profits derived from RPD activities arise to a RP developer in relation to an accounting period ending before 1 April 2022,

(b) the profits arise in that accounting period instead of an accounting period ending on or after that date as a result of arrangements entered into on or after 29 April 2021, and

(c) the main purpose, or one of the main purposes, of the arrangements is to secure a tax advantage as a result of the fact that, but for this paragraph, the profits would not be taken into account for the purposes of section 6.

(2) The profits are to be taken into account for the purposes of that section as if they arose to the developer in the developer's first chargeable accounting period ending on or after 1 April 2022.

(3) In this section—

"arrangements" includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable);

"tax advantage" includes—

(a) avoidance or reduction of a charge to the tax or an assessment to the tax,

(b) repayment or increased repayment of the tax,
(c) avoidance of a possible assessment to the tax, and
(d) deferral of a payment of the tax or advancement of a repayment of the tax.

Miscellaneous

19 Groups

(1) In this Part, other than in Schedule 1, "group" means two or more companies which together meet the following condition.

(2) The condition is that one of the companies is—
(a) the ultimate parent of each of the other companies, and
(b) is not the ultimate parent of any other company.

(3) A company ("A") is the "ultimate parent" of another company ("B") if—
(a) A is the parent of B, and
(b) no company is the parent of both A and B.

(4) A company ("A") is the "parent" of another company ("B") if—
(a) B is a 75% subsidiary of A,
(b) A is beneficially entitled to at least 75% of any profits available for distribution to equity holders of B, or
(c) A would be beneficially entitled to at least 75% of any assets of B available for distribution to its equity holders on a winding up.

20 Miscellaneous provision

Schedule 3 makes miscellaneous provision in connection with the tax.

21 Interpretation etc

(1) In this Part—
"adjusted trading losses" and "adjusted trading profits" have the meaning given by section 9;
"chargeable accounting period" has the meaning given by section 7;
"control" has the same meaning as in section 1124 of CTA 2010 ("control");
"modify" includes amend or repeal;
"non-profit housing company" has the meaning given by section 2;
"RP activities" has the meaning given by section 3;
"RP developer" has the meaning given by section 2;
"RPD losses" and "RPD profits" have the meaning given by section 6;
"relevant joint venture company" has the meaning given by section 10;
"residential property" has the meaning given by section 5;
"wholly owned subsidiary" has the same meaning as in section 1159 of the Companies Act 2006 (meaning of "subsidiary" etc).

(2) Chapter 6 of Part 5 of CTA 2010 (equity holders and profits or assets available for distribution), other than sections 169 to 182, applies for the purposes of references in this Part to equity holders and beneficial entitlement to assets or

profits of a company available for distribution to its equity holders, subject to subsection (3).

(3) In applying Chapter 6 of Part 5 (other than sections 169 to 182) and Chapter 3 of Part 24 of CTA 2010 for the purposes mentioned in subsection (2), they are to be read with all modifications necessary to ensure that—

(a) they apply to a company which does not have share capital, and to holders of corresponding ordinary holdings in such a company, in a way which corresponds to the way they apply to companies with ordinary share capital and holders of ordinary shares in such companies,

(b) they apply to a company which is an unincorporated association in a way which corresponds to the way they apply to companies which are bodies corporate,

(c) they apply in relation to ownership through an entity (other than a company), or any trust or other arrangement, in a way which corresponds to the way they apply to ownership through a company, and

(d) for the purposes of achieving paragraphs (a) to (c), profits or assets are attributed to holders of corresponding ordinary holdings in unincorporated associations, entities, trusts or other arrangements in a manner which corresponds to the way profits or assets are attributed to holders of ordinary shares in a company which is a body corporate.

(4) In subsection (3) "corresponding ordinary holding" in an unincorporated association, entity, trust or other arrangement means a holding or interest which provides the holder with economic rights corresponding to those provided by a holding of ordinary shares in a body corporate.

(5) Chapter 3 of Part 24 of CTA 2010 (subsidiaries) applies for the purposes of references in this Part to subsidiaries, subject to subsection (6).

(6) In applying Chapter 3 of Part 24 of CTA 2010 for the purposes mentioned in subsection (5)—

(a) share capital of a registered society is to be treated as if it were ordinary share capital, and

(b) a company ("the shareholder") that directly owns shares in another company is to be treated as not owning those shares if a profit on their sale would be a trading receipt of the shareholder.

22 Regulations

(1) Regulations under this Part are to be made by statutory instrument.

(2) A statutory instrument containing regulations under this Part is subject to annulment in pursuance of a resolution of the House of Commons.

(3) Any power of the Commissioners to make regulations under this Part may instead be exercised by the Treasury.

SCHEDULES

SCHEDULE 1

Section 11

RELIEFS

PART 1

LOSS RELIEF

Introduction

1 This Part of this Schedule provides that if a company makes an adjusted trading loss in one chargeable accounting period the company is to be given relief in a subsequent chargeable accounting period.

Carry forward of a trading loss to next accounting period

2 (1) Sub-paragraph (2) applies if—

(a) in a chargeable accounting period ("the loss-making period") an RP developer has an adjusted trading loss,

(b) relief is not given for an amount of the loss ("the unrelieved amount") under Part 2 or 3 of this Schedule (group reliefs), and

(c) the developer is an RP developer in the next chargeable accounting period ("the later period").

(2) The unrelieved amount is carried forward to the later period and relief for the developer is given in accordance with sub-paragraph (3).

(3) The relief is to be given effect in the later period in accordance with section 6 as "allowable loss relief".

(4) But sub-paragraph (3) is subject to sub-paragraphs (5) and (6) and section 12.

(5) Sub-paragraph (6) applies in relation to any amount of the unrelieved amount that is greater than the maximum deduction in relation to the later permitted by section 12 ("the excess amount").

(6) The excess amount is carried forward to the chargeable accounting period after the later period ("the further period") instead of being given effect in the later period (see paragraph 3).

Carry forward of trading losses to subsequent accounting periods

3 (1) Sub-paragraph (2) applies if—

(a) an amount of an adjusted trading loss is carried forward to a later period under paragraph 2(2),

(b) the developer has an excess amount, and

(c) the developer is an RP developer in the further period.

(2) Paragraph 2(2) to 2(6) applies as if—

(a) references to the unrelieved amount were to the excess amount, and

(b) references to the later period were to the further period.

PART 2

GROUP RELIEF

Introduction

4 (1) This Part of this Schedule allows—

(a) a company ("the surrendering company") to surrender an adjusted trading loss it has for a chargeable accounting period to another company ("the claimant company") that is part of the same relief group, and

(b) enables the claimant company to claim relief for that loss.

(2) The relief mentioned in sub-paragraph (1) is called "group relief".

5 In this Part of this Schedule, in relation to an adjusted trading loss that a company has for a chargeable accounting period—

"surrender period" means a chargeable accounting period for which the surrendering company has the loss;

"surrenderable amounts" means an adjusted trading loss so far as eligible for surrender under this Part.

6 In this Part of this Schedule, "company" means any body corporate.

Surrender of company's losses for an accounting period

7 (1) Sub-paragraph (2) applies if—

(a) a surrendering company has an adjusted trading loss for a surrender period,

(b) relief under Part 1 of this Schedule is not given for an amount of the loss ("the unrelieved amount"), and

(c) the company is part of a relief group.

(2) The surrendering company may surrender the unrelieved amount.

(3) Under section 70(1) of Schedule 18 to FA 1998 (consent to surrender), the surrendering company surrenders an adjusted trading loss, so far as eligible for surrender under this Part of this Schedule, by consenting to one or more claims for group relief in relation to the amounts (see paragraph 8).

Claims for group relief

8 (1) This paragraph applies in relation to the surrendering company's surrenderable amounts for the surrender period under paragraph 7.

(2) The claimant company may make a claim for group relief for a chargeable accounting period ("the claim period") if, in relation to those amounts (in whole or in part) if—

(a) the surrendering company consents to the claim,

(b) there is a period ("the overlapping period") that is common to the claim period and the surrender period, and

(c) at a time during the overlapping period the surrendering company and the claimant company are part of the same relief group.

(3) More than one company may make a claim for group relief in relation to any surrenderable amounts (but the giving of group relief in relation to any claim is subject to the provisions of this Part of this Schedule).

Giving of group relief

9 (1) If a claimant company makes a claim under paragraph 8, the relief is to be given effect in accordance with section 6 as "allowable group relief".

(2) The amount of the relief is—

(a) an amount equal to the surrendering company's surrenderable amounts for the surrender period, or

(b) if the claim is in relation to only part of those amounts, an amount equal to that part.

But this is subject to section 12 and paragraph 10.

(3) The deduction of the relief is to be made after any other deduction of any relief under section 6.

(4) Section 137(7) of CTA 2010 (corporation tax relief not to be given more than once for the same amount) does not prevent relief being given in accordance with this Part of this Schedule in respect of an amount if relief under Part 5 of CTA 2010 (group relief) that has already been given in respect of it

Limitation on amount of group relief to be given

10 (1) Paragraph 9(2) is subject to the limitation in sections 138 to 142 of CTA 2010 (general limitation on amount of group relief to be given) as if those sections applied to group relief under this Part of this Schedule as they apply to group relief under Part 5 of that Act.

(2) For the purposes of sub-paragraph (1)—

(a) section 140 of CTA 2010 (unrelieved part of claimant company's available total profits) has effect as if—

(i) in subsection (7), for "section 137(4)(b)" there were substituted "paragraph 9(3) of Schedule 1 to FA 2022";

(ii) subsection (8) were omitted;

(b) section 142 of CTA 2010 (meaning of the "overlapping period") has effect as if—

(i) in subsection (1) for the words in parenthesis there were substituted "(see paragraph 8(2)(b) of Schedule 1 to FA 2022)";

(ii) in subsection (3), for the words from "group relief condition is the" to the end there were substituted "requirement in paragraph 8(2)(c) of Schedule 1 to FA 2022".

Arrangements for transfer of companies

11 Sections 154 and 155A to 156 of CTA 2010 (arrangements for transfer of member of group of companies etc) apply for the purposes of this Part of this

Schedule as they apply for the purposes of Part 5 of that Act, but as if the references in sections 155A(1) and 155B(1) to "or 155(3)" were omitted.

PART 3

GROUP RELIEF FOR CARRIED-FORWARD LOSSES

Introduction

12 (1) This Part of this Schedule—

(a) allows a company ("the surrendering company") to surrender an adjusted trading loss that has been carried forward to an accounting period of the company (see Part 1 of this Schedule) to another company ("the claimant company") that is part of the same relief group, and

(b) enables the claimant company to claim relief for those losses

(2) The relief mentioned in sub-paragraph (1) is called "group relief for carried-forward losses".

13 In this Part of this Schedule, in relation to losses that a company has carried forward to a chargeable accounting period—

"surrender period" means a chargeable accounting period to which the surrendering company has carried forward losses;

"surrenderable amounts" means an adjusted trading loss so far as eligible for surrender under this Part of this Schedule.

14 In this Part of this Schedule, "company" means any body corporate.

Surrender of company's carried-forward losses for an accounting period

15 (1) Sub-paragraph (2) applies if—

(a) an adjusted trading loss is carried forward to a surrender period of a surrendering company under Part 1 of this Schedule,

(b) relief under that Part is not given for an amount of the loss ("the unrelieved amount"), and

(c) the company is part of a relief group.

(2) The surrendering company may surrender the unrelieved amount.

(3) Under section 70(1) of Schedule 18 to FA 1998 (consent to surrender), the surrendering company surrenders adjusted trading losses, so far as eligible for surrender under this Part, of this Schedule by consenting to one or more claims for group relief in relation to the amounts (see paragraph 16).

Claims for group relief for carried-forward losses

16 (1) This paragraph applies in relation to the surrendering company's surrenderable amounts for a surrender period under paragraph 15.

(2) The claimant company may make a claim for group relief for carried-forward losses for a chargeable accounting period ("the claim period") if, in relation to those amounts (in whole or in part) if—

(a) the surrendering company consents to the claim,

(b) there is a period ("the overlapping period") that is common to the claim period and the surrender period, and

(c) at a time during the overlapping period the surrendering company and the claimant company are part of the same relief group.

(3) More than one company may make a claim for group relief for carried-forward losses in relation to any surrenderable amounts (but the giving of group relief in relation to any claim is subject to the provisions of this Part of this Schedule).

Giving of group relief for carried-forward losses

17 (1) If a claimant company makes a claim under paragraph 16, the relief is to be given effect in accordance with section 6 as "allowable carried-forward group relief".

(2) The amount of the relief is—

(a) an amount equal to the surrendering company's surrenderable amounts for the surrender period, or

(b) if the claim is in relation to only part of those amounts, an amount equal to that part.

But this is subject to section 12 and paragraph 18.

(3) The deduction of the relief is to be made after any other deduction of any relief under section 6.

(4) Section 188CK(9) of CTA 2010 (corporation tax relief not to be given more than once for the same amount) does not prevent relief being given in accordance with this Part of this Schedule in respect of an amount if relief under Part 5A of CTA 2010 (group relief for carried-forward losses) has already been given in respect of it.

Limitation on amount of group relief for carried-forward losses to be given

18 (1) Paragraph 17(2) is subject to the limitation in sections 188DB to 188DG of CTA 2010 (general limitation on amount of group relief for carried forward losses to be given) as if those sections applied to group relief for carried-forward losses under that paragraph as they apply to group relief for carried-forward losses under section 188CB of that Act.

(2) For the purposes of sub-paragraph (1)—

(a) section 188DC of CTA 2010 (unused part of the surrenderable amounts) has effect as if subsection (4)(a)(ii) were omitted;

(b) section 188DD of CTA 2010 (claimant company's relevant maximum for overlapping period) has effect as if—

(i) in subsection (1), in Step 1, for "section 269ZD(4)" there were substituted "section 12 of FA 2022";

(ii) in subsection (1), for Step 2 there were substituted—

"*Step 2*

Deduct from that amount the sum of any deductions made by the company for the claim period under paragraphs 2(3) and 9(1) of Schedule 1 to FA 2022.";

(iii) subsection (2) were omitted;

(c) section 188DE of CTA 2010 (previously claimed group relief for carried-forward losses) has effect as if in subsection (2)(a) "or 188CC" were omitted;

(d) section 188DG of CTA 2010 (meaning of the "overlapping period") has effect as if—

(i) in subsection (1) for the words in parenthesis there were substituted "(see paragraph 16(2)(b) of Schedule 1 to FA 2022)";

(ii) in subsection (3), for the words from "group relief condition is the" to the end there were substituted "requirement in paragraph 16(2)(c) of Schedule 1 to FA 2022".

PART 4

SUPPLEMENTARY PROVISION

Payments for relief

19 (1) This paragraph applies if—

(a) a surrendering company and a claimant company (within the meaning of Part 2 or 3 of this Schedule) have an agreement between them in relation to adjusted trading losses of the surrendering company ("the agreed loss amounts"),

(b) group relief or group relief for carried-forward losses is given to the claimant company in relation to the agreed loss amounts, and

(c) as a result of the agreement the claimant company makes a payment to the surrendering company that does not exceed the total amount of the agreed loss amounts.

(2) The payment is not to be taken into account in determining the profits or losses of either company under section 9 (adjusted trading profits and losses).

Change in company ownership

20 Part 14 of CTA 2010 (change in company ownership) applies, with any necessary modifications, in relation to group relief under Part 2 of this Schedule, and group relief for carried forward losses under Part 3 of this Schedule, as it applies in relation to loss relief under Parts 5 and 5A to that Act (group reliefs).

Meaning of "relief group"

21 For the purposes of this Schedule, two companies are part of the same "relief group" if—

(a) one is the 75% subsidiary of the other, or

(b) both are 75% subsidiaries of a third company.

SCHEDULE 2

Section 15

COLLECTION AND MANAGEMENT

Amendments to the Taxes Management Act 1970

1 (1) Part 5A of the Taxes Management Act 1970 (payment of tax) is amended as follows.

(2) In section 59E (further provision as to when corporation tax is due and payable), in subsection (11) after paragraph (d) insert—

"(e) to any sum chargeable on a company under section 8 of FA 2022 (residential property developer tax) as if it were an amount of corporation tax chargeable on the company."

(3) In section 59F (arrangements for paying corporation tax on behalf of group members), in subsection (6)—

(a) omit "and" at the end of paragraph (b);

(b) after paragraph (c) insert ", and

(d) to any sum chargeable on a company under section 8 of FA 2022 (residential property developer tax) as if it were an amount of corporation tax chargeable on the company."

Amendments to the Finance Act 1998

2 (1) Schedule 18 to FA 1998 (company tax returns, assessments and related matters) is amended as follows.

(2) In paragraph 1 (meaning of "tax")—

(a) omit the "and" at the end of the paragraph beginning "section 330(1)";

(b) omit the "and" at the end of the paragraph beginning "step 5 in section 371BC(1)";

(c) at the end of the paragraph beginning "paragraphs 50 and 51" insert ", and

section 8 of FA 2022 (residential property developer tax)."

(3) After paragraph 7 insert—

"*Residential property developer tax*

7A (1) A residential property developer must include in its company tax return for an accounting period a statement of—

(a) its RPD profits in relation to the accounting period,

(b) its adjusted trading profits or adjusted trading losses in relation to that period,

(c) the amount of any joint venture profits that are attributable to the developer in relation to that period,

(d) any allowable loss relief which the developer is given in relation to that period,

(e) any allowable group relief claimed by the developer in relation to that period,

(f) any allowable carried forward group relief claimed by the developer in relation to that period, and

(g) its allowance for that period,

unless sub-paragraph (2) applies in relation to the accounting period.

(2) This sub-paragraph applies where it is reasonable to assume that the developer would have no liability to residential property developer tax in relation to the accounting period if no amount were deducted in the calculation at section 6 of FA 2022 in relation to that accounting period in respect of any—

(a) allowable loss relief,

(b) allowable group relief, or

(c) allowable carried forward group relief.

(3) Terms used in Part 1 of FA 2022 have the same meaning in this paragraph as in that Part (unless the contrary intention appears)."

(4) In paragraph 8(1) (calculation of tax payable), under the heading "Third step", at the end insert—

"4. Any amount of residential property developer tax chargeable by virtue of section 8 of FA 2022."

Transitional provision: instalment payments

3 (1) This paragraph applies where—

(a) the tax is chargeable on an RP developer for an accounting period for corporation tax purposes beginning before 1 April 2022 and ending on or after that date ("the straddling period"), and

(b) under the Corporation Tax (Instalment Payments) Regulations 1998 (S.I. 1998/3175) ("the Instalment Payment Regulations"), one or more instalment payments, in respect of the total liability of the RP developer for the straddling period, were treated as becoming due and payable before 1 April 2022 ("pre-commencement instalments").

(2) The tax chargeable on the RP developer for the straddling period is to be ignored for the purposes of determining the amount of any pre-commencement instalment.

(3) The first instalment, in respect of the total liability of the RP developer for the straddling period, which under the Instalment Payment Regulations is treated as becoming due and payable on or after 1 April 2022 is to be increased by the adjustment amount.

(4) "The adjustment amount" is the difference between—

(a) the aggregate amount of the pre-commencement instalments determined in accordance with sub-paragraph (2), and

(b) the aggregate amount of those instalments determined ignoring sub-paragraph (2) (and so taking into account the tax chargeable on the RP developer for the straddling period).

(5) In the Instalment Payment Regulations—

(a) in regulations 6(1)(a), 7(2), 8(1)(a) and (2)(a), 9(5), 10(1), 11(1) and 13, references to those Regulations are to be read as including a reference to sub-paragraphs (1) to (4) (and in regulation 7(2) "the

regulation in question", and in regulation 8(2) "that regulation", are to be read accordingly), and

(b) in regulation 9(3), the reference to those Regulations is to be read as including a reference to sub-paragraphs (1) to (4).

(6) In section 59D of TMA 1970 (general rule as to when corporation tax is due and payable), in subsection (5), the reference to section 59E of that Act is to be read as including a reference to sub-paragraphs (1) to (5).

SCHEDULE 3

Section 20

MISCELLANEOUS PROVISION

Residential property developer tax to be ignored for other tax purposes

1 In calculating profits or losses for the purposes of income tax or corporation tax no deduction is allowed in respect of residential property developer tax.

Provision made or imposed between RPD activities and other activities of the same company

2 Chapters 1 and 3 to 6 (read in accordance with Chapters 2 and 8) of Part 4 of TIOPA 2010 (transfer pricing) apply to provision made or imposed as between an RP developer's RP activities and other activities carried on by it as if—

(a) those activities were carried on by two different persons,

(b) the provision were made or imposed between those persons by means of a transaction, and

(c) the two persons were both controlled by the same person at the time of the making or imposition of the provision.

Provision made or imposed between an RP developer and another person under the same control

3 (1) Chapters 1 and 3 to 6 (read in accordance with Chapters 2 and 8) of Part 4 of TIOPA 2010 apply to provision made or imposed as between an RP developer and a relevant company by means of a transaction or series of transactions that—

(a) in relation to the RP developer, falls to be regarded as made or imposed in the course of, or with respect to, the developer's RP activities, and

(b) in relation to the relevant company, does not fall to be regarded as made or imposed in the course of, or with respect to, RP activities carried on by that company.

(2) A company is a relevant company if it and the RP developer are under the same control at the time when the provision was made or imposed.