**INTM489825 - CHART 5A: Calculation of Taxable Diverted Profits in Section 80 or 81 case (Section 85)**

The taxable diverted profits of the company are the sum of:

1. The ‘**notional additional amount**’ (if any) arising from the relevant alternative provision, and
2. The total amount (if any) of any relevant taxable income of a connected company which would have resulted from the relevant alternative transaction.

The taxable diverted profits of the company are an amount equal to:

1. The amount (if any)-
   1. In respect of which company is chargeable to corporation tax under Part 4 TIOPA10;
   2. Which, in a section 81 case, is attributable to UKPE;
   3. Which is not taken into account in an assessment to corporation tax included in company’s tax return before end of review period for the accounting period.

and

1. The total amount of any relevant taxable income of a connected company which would have resulted from the relevant alternative transaction.

See ***Chart 5***:

Does section 80 or 81 apply in relation to the company (“the relevant company”) for the accounting period?

**Section 85 applies**. Would the ‘actual provision condition’ have been met but for the fact that the relevant alternative provision would have resulted in relevant taxable income of a company for that company’s corresponding accounting period?

‘**Relevant alternative provision**’ = the alternative provision that it is just & reasonable to assume would have been made between the relevant company and one or more companies connected with that company, instead of the material provision, had tax (including any non-UK tax) on income not been a relevant consideration for any person at any time. **Section 82(5)**

‘**Notional additional amount’** = the amount by which:

1. The amount in respect of which the company would have been chargeable to corporation tax had the relevant alternative provision have been imposed, ***EXCEEDS***
2. The amount:
3. In respect of which the company is chargeable resulting from the material provision as adjusted by Part 4 TIOPA10
4. Which is attributable to UKPE in a case where section 81 applies,
5. Which is taken into account in an assessment to corporation tax prior to end of the review period in the company’s tax return for the accounting period.

Is the ‘**actual provision condition**’ met? ***[see Chart 5]***

No charge to DPT unless section 86 applies

***[see Chart 2]***

Section 83 or 84 applies

***[see Chart 5]***

YES

NO

YES

NO

YES

NO