



# Corporation Tax Act 2010

## 2010 CHAPTER 4

### [<sup>F1</sup>PART 8B

TRADING PROFITS TAXABLE AT THE NORTHERN IRELAND RATE

### [<sup>F1</sup>CHAPTER 16

NORTHERN IRELAND PROFITS AND LOSSES ETC: PARTNERSHIPS

#### Textual Amendments

- F1** Pt. 8B inserted (with effect in accordance with s. 5 of the amending Act) by [Corporation Tax \(Northern Ireland\) Act 2015 \(c. 21\), s. 1](#)

#### **357W** Introductory

- (1) This Chapter makes provision under which profits or losses of a trade carried on by a company as a partner in a Northern Ireland firm are—
  - (a) Northern Ireland profits or losses of the trade,
  - (b) mainstream profits or losses of the trade, or
  - (c) a combination of—
    - (i) profits or losses within paragraph (a), and
    - (ii) profits or losses within paragraph (b).
- (2) This Chapter has effect for the purposes of this Part.
- (3) In this Chapter “firm” has the same meaning as in CTA 2009 (see section 1257(1) of that Act).

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*Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, CHAPTER 16. (See end of Document for details)*

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### **357WA Meaning of “Northern Ireland firm”**

- (1) A firm is a “Northern Ireland firm” in an accounting period of the firm (“the firm’s accounting period”) if—
- (a) the firm carries on a qualifying partnership trade in the period, and
  - (b) the [<sup>F2</sup>SME (Northern Ireland employer) partnership condition, the SME (election) partnership condition] or the large partnership condition is met.
- (2) The “[<sup>F3</sup>SME (Northern Ireland employer) partnership condition]” is that the firm—
- (a) is an SME in relation to the firm’s accounting period, and
  - (b) is a Northern Ireland employer in relation to that period.
- [ The “SME (election) partnership condition” is that—
- <sup>F4</sup>(2A)
  - (a) the firm is an SME in relation to the firm’s accounting period,
  - (b) the firm is not a Northern Ireland employer in relation to that period,
  - (c) the firm has a NIRE in that period,
  - (d) the firm is not a disqualified firm in relation to the period, and
  - (e) an election by the firm for the purposes of this subsection has effect in relation to that period.]
- (3) The “large partnership condition” is that the firm—
- (a) is not an SME in relation to the firm’s accounting period, and
  - (b) has a NIRE in that period.
- [ An election for the purposes of subsection (2A)—
- <sup>F5</sup>(3A)
  - (a) must be made by notice to an officer of Revenue and Customs,
  - (b) must specify the accounting period in relation to which it is to have effect (“the specified accounting period”),
  - (c) must be made before the end of the period of 12 months beginning with the end of the specified accounting period, and
  - (d) if made in accordance with paragraphs (a) to (c) has effect in relation to the specified accounting period.]
- (4) In their application [<sup>F6</sup>in relation to a firm], the provisions mentioned in subsection (5) have effect as if—
- (a) references to a company were to a firm, and
  - <sup>F7</sup>(b) references to the Northern Ireland workforce conditions were to the Northern Ireland workforce partnership conditions (see section 357WBA).]
- (5) The provisions are—
- (a) section 357KC (meaning of “SME”);
  - (b) section 357KD (meaning of “Northern Ireland employer”);
  - <sup>F8</sup>(c) . . . . .
  - (d) Chapter 5 (Northern Ireland regional establishments);
  - (e) section 1128 of CTA 2009 (meaning of “externally provided worker”).
- (6) A reference in this Chapter, in relation to a Northern Ireland firm, to “the firm’s trade” is to the trade mentioned in subsection (1).

*Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, CHAPTER 16. (See end of Document for details)*

### Textual Amendments

- F2** Words in s. 357WA(1)(b) substituted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 7 para. 14\(2\)](#)
- F3** Words in s. 357WA(2) substituted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 7 para. 14\(3\)](#)
- F4** S. 357WA(2A) inserted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 7 para. 14\(4\)](#)
- F5** S. 357WA(3A) inserted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 7 para. 14\(5\)](#)
- F6** Words in s. 357WA(4) substituted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 7 para. 14\(6\)\(a\)](#)
- F7** S. 357WA(4)(b) substituted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 7 para. 14\(6\)\(b\)](#)
- F8** S. 357WA(5)(c) omitted (16.11.2017) by virtue of [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 7 para. 14\(7\)](#)

### 357WB Meaning of “qualifying partnership trade”

- (1) “Qualifying partnership trade” means a trade carried on by a firm where the trade is not an excluded trade.
- (2) If an election by a firm for the purposes of this subsection has effect, “qualifying partnership trade” also includes a trade carried on by the firm where—
  - (a) the trade is an excluded trade within—
    - (i) section 357XB (lending and investment),
    - (ii) section 357XC (investment management), or
    - (iii) section 357XE (re-insurance trade), and
  - (b) the trade includes any back-office activities.
- (3) An election for the purposes of subsection (2)—
  - (a) must be made by notice to an officer of Revenue and Customs,
  - (b) must specify the first accounting period of the firm (“the specified accounting period”) in relation to which it is to have effect,
  - (c) must be made before the end of the period of 12 months beginning with the end of the specified accounting period, and
  - (d) if made in accordance with paragraphs (a) to (c)—
    - (i) has effect in relation to the specified accounting period and subsequent accounting periods, and
    - (ii) is irrevocable.
- (4) For the meaning of “excluded trade”, and for power to make provision about the meaning of “back-office activities”, see Chapter 17.

### <sup>I</sup><sub>F9</sub> 357WBA Northern Ireland workforce partnership conditions

- (1) The Northern Ireland workforce partnership conditions, in relation to a period, are—
  - (a) that 75% or more of the working time that is spent in the United Kingdom during the period by members of the firm's workforce is spent in Northern Ireland, and
  - (b) that 75% or more of the firm's workforce expenses that are attributable to working time spent in the United Kingdom during the period by members of the firm's workforce are attributable to time spent in Northern Ireland.

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- (2) References in this section to members of the firm's workforce are to—
- (a) employees of the firm,
  - (b) externally provided workers in relation to the firm, and
  - (c) individuals who are partners in the firm.
- (3) In subsection (2) “externally provided worker”, in relation to a firm, has the same meaning as in Part 13 of CTA 2009 (see section 1128 of that Act).
- In the application of section 1128 of that Act for the purposes of subsection (2), references to a company are to be read as references to a firm and references to a director are to be treated as omitted.
- (4) References in this section to the working time spent by members of the firm's workforce in a place are to the total time spent by those persons in that place while providing services to the firm.
- (5) References in this section to “the firm's workforce expenses” are, where the period is an accounting period of the firm, to the total of the deductions made by the firm in the period in respect of members of the firm's workforce in calculating the profits of the firm's trade.
- (6) References in this section to “the firm's workforce expenses” are, where the period is not an accounting period of the firm, to the total of—
- (a) the deductions made by the firm in any accounting period falling wholly within the period, and
  - (b) the appropriate proportion of the deductions made by the firm in any accounting period falling partly within the period,
- in respect of members of the firm's workforce in calculating the profits of the firm's trade.
- (7) For the purposes of subsection (6)(b), “the appropriate proportion” is to be determined by reference to the number of days in the periods concerned.
- (8) The Commissioners for Her Majesty's Revenue and Customs may by regulations specify descriptions of deduction that are, or are not, to be regarded for the purposes of this section as made in respect of members of a firm's workforce.
- (9) Regulations under this section—
- (a) may make different provision for different purposes;
  - (b) may make incidental, supplemental, consequential and transitional provision and savings.
- (10) Section 357WBB contains supplementary provision applying for the purposes of this section.

**Textual Amendments**

**F9** Ss. 357WBA-357WBC inserted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 7 para. 15](#)

**357WBBSection 357WBA: supplementary**

- (1) References in section 357WBA or this section to a partner in the firm include any person entitled to a share of income of the firm.

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- (2) In determining for the purposes of section 357WBA the amount of working time that is spent in any place by a partner in the firm, time spent by the partner in that place is to be included where—
  - (a) the time is spent by the partner in providing services to a person other than the firm (“the third party”), and
  - (b) condition A or B is met.
- (3) Condition A is that the provision of the services results in a payment being made (whether directly or indirectly) to the firm by—
  - (a) the third party, or
  - (b) a person connected with the third party.
- (4) Condition B is that—
  - (a) the firm holds a right that it acquired (whether directly or indirectly) from the partner, and
  - (b) any payment in connection with that right is made (whether directly or indirectly) to the firm by—
    - (i) the third party, or
    - (ii) a person connected with the third party.
- (5) Section 1122 (connected persons) applies for the purposes of this section.
- (6) References in section 357WBA to deductions made in respect of the members of the firm's workforce in calculating profits of the firm's trade include, in relation to a partner in the firm, the appropriate notional consideration for services provided by the partner (see subsections (7) and (8)).
- (7) For the purposes of subsection (6), “the appropriate notional consideration for services” provided by a partner is—
  - (a) the amount which the partner would receive in consideration for services provided to the firm by the partner during the period in question, were the consideration to be calculated on the basis mentioned in subsection (8), less
  - (b) any amount actually received in consideration for such services which is not included in the partner's profit share.
- (8) The consideration mentioned in subsection (7)(a) is to be calculated on the basis that the partner is not a partner in the firm and is acting at arm's length from the firm.

**Textual Amendments**

**F9** Ss. 357WBA-357WBC inserted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 7 para. 15](#)

**357WBC“Disqualified firm”**

- (1) For the purposes of this Chapter, a firm is a “disqualified firm” in relation to a period if conditions A and B are met.
- (2) Condition A is that the firm has a NIRE in the period as a result of tax-avoidance arrangements.
- (3) Condition B is that—

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- (a) 50% or more of the working time that is spent in the United Kingdom during the period by members of the firm's workforce is working time spent by partners otherwise than in Northern Ireland, or
  - (b) 50% or more of the firm's workforce expenses that are attributable to working time spent in the United Kingdom during the period by members of the firm's workforce are attributable to working time spent by partners otherwise than in Northern Ireland.
- (4) For the purposes of this section “tax avoidance arrangements” means arrangements the sole or main purpose of which is to secure that any profits or losses of the firm for the period are Northern Ireland profits or losses.
- (5) In subsection (4) “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable).
- (6) The following provisions apply for the purposes of this section as they apply for the purposes of section 357WBA (Northern Ireland workforce partnership conditions)—
- (a) subsections (2) to (5) of that section;
  - (b) regulations made under that section;
  - (c) section 357WBB.]

#### Textual Amendments

**F9** Ss. 357WBA-357WBC inserted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 7 para. 15](#)

### 357WC Northern Ireland profits etc of firm determined under Chapter 6

- (1) This section applies where conditions A and B are met.
- (2) Condition A is that a firm is a Northern Ireland firm in an accounting period (“the firm's accounting period”) by virtue of the [<sup>F10</sup>SME (Northern Ireland employer) partnership condition] in section 357WA.
- (3) Condition B is that a partner in the firm is a company (“the corporate partner”) that is—
  - (a) within the charge to corporation tax in relation to the firm's trade, and
  - (b) an SME in relation to an accounting period of the corporate partner which—
    - (i) is the same as the firm's accounting period, or
    - (ii) overlaps (to any extent) the firm's accounting period.
- (4) Section 357MA (profits or losses of trade that are Northern Ireland profits or losses etc: SMEs)—
  - (a) applies in relation to the profits or losses of the firm's trade for the firm's accounting period that are determined under section 1259(3) or (4) of CTA 2009 in relation to the corporate partner, but
  - (b) so applies only for the purpose of allocating (under Part 17 of that Act) a share of those profits or losses to an accounting period within subsection (3)(b).
- (5) Further provision under which profits or losses of the firm's trade may in relation to the corporate partner be Northern Ireland profits or losses of the trade or mainstream profits or losses of the trade is contained in—
  - (a) Chapters 8 and 15, and
  - (b) CAA 2001 (see section 6E of that Act).

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- (6) Section 357WH makes further provision about the operation of Part 17 of CTA 2009 in cases in which the profits or losses of the firm's trade determined in relation to the corporate partner are Northern Ireland profits, Northern Ireland losses, mainstream profits or mainstream losses.

#### **Textual Amendments**

**F10** Words in s. 357WC(2) substituted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 7 para. 16](#)

### **357WD Northern Ireland profits etc of firm determined under Chapter 7**

- [<sup>F11</sup>(1) This section applies where—
- (a) a company (“the corporate partner”) is a partner in a firm at any time during an accounting period of the firm (“the firm's accounting period”) and is within the charge to corporation tax in relation to the firm's trade, and
  - (b) condition A or B is met.
- (2) Condition A is that the firm is a Northern Ireland firm in the firm's accounting period by virtue of the SME (election) partnership condition or the large partnership condition in section 357WA.
- (3) Condition B is that—
- (a) the firm is a Northern Ireland firm in the firm's accounting period by virtue of the SME (Northern Ireland employer) partnership condition in section 357WA, and
  - (b) the corporate partner is not an SME in relation to an accounting period of the corporate partner which is the same as, or overlaps (to any extent), the firm's accounting period.]

(4) Section 357NA (profits or losses of trade that are Northern Ireland profits or losses etc: [<sup>F12</sup>SMEs that are not Northern Ireland employers and] large companies)—

    - (a) applies in relation to the profits or losses of the firm's trade for the firm's accounting period that are determined under section 1259(3) or (4) of CTA 2009 in relation to the corporate partner, but
    - (b) in a case in which condition B is met, so applies only for the purpose of allocating under Part 17 of that Act a share of those profits or losses to an accounting period within subsection (3)(b).

(5) Further provision under which profits or losses of the firm's trade may in relation to the corporate partner be Northern Ireland profits or losses of the trade or mainstream profits or losses of the trade is contained in—

    - (a) Chapters 8 and 15, and
    - (b) CAA 2001 (see section 6E of that Act).

(6) Section 357WH makes further provision about the operation of Part 17 of CTA 2009 in cases in which the profits or losses of the firm's trade determined in relation to the corporate partner are Northern Ireland profits, Northern Ireland losses, mainstream profits or mainstream losses.

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#### Textual Amendments

- F11** S. 357WD(1)-(3) substituted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 7 para. 17\(2\)](#)  
**F12** Words in s. 357WD(4) inserted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 7 para. 17\(3\)](#)

### 357WE Sections 357WC and 357WD: interpretation

- (1) Section 357MA (profits or losses of trade that are Northern Ireland profits or losses etc: SMEs) as applied by section 357WC(4), and the other provisions of Chapter 6 so far as they apply for the purposes of section 357MA as so applied, have effect as if—
- (a) references to the qualifying trade were to the firm's trade;
  - (b) references to the company were to the firm;
  - (c) references to the accounting period were to the firm's accounting period;
  - (d) the reference in section 357MA(1) to a qualifying trade by virtue of section 357KB(1) were to a qualifying partnership trade by virtue of section 357WB(1);
  - (e) the reference in section 357MA(3) to a qualifying trade by virtue of section 357KB(2) were to a qualifying partnership trade by virtue of section 357WB(2).

<sup>F13</sup>(2) .....

- (3) Section 357NA (profits or losses of trade that are Northern Ireland profits or losses etc: large companies) as applied by section 357WD(4), and the other provisions of Chapter 7 so far as they apply for the purposes of section 357NA as so applied, have effect as if—
- (a) references to the qualifying trade were to the firm's trade;
  - (b) references to the company were to the firm;
  - (c) references to the accounting period were to the firm's accounting period;
  - (d) in section 357NA(1) the reference to a qualifying trade by virtue of section 357KB(1) were to a qualifying partnership trade by virtue of section 357WB(1),
  - (e) in section 357NA(3) the reference to a qualifying trade by virtue of section 357KB(2) were to a qualifying partnership trade by virtue of section 357WB(2);
  - (f) in section 357NF(5), the reference to a UK resident company were to a UK resident firm.

#### Textual Amendments

- F13** S. 357WE(2) omitted (16.11.2017) by virtue of [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 7 para. 18](#)

### 357WF Application of section 747 of CTA 2009 to Northern Ireland firm

Chapter 8 (intangible fixed assets) has effect in relation to a Northern Ireland firm as if—

- (a) references to a qualifying trade were to a qualifying partnership trade;
- (b) references to a company were to a firm;



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- (c) references to an accounting period of a company were to an accounting period of a firm;
- (d) references to a Northern Ireland company were to a Northern Ireland firm;
- (e) references to the [<sup>F14</sup>SME (Northern Ireland employer) condition] in section 357KA were to the [<sup>F15</sup>SME (Northern Ireland employer) partnership condition] in section 357WA;
- [<sup>F16</sup>(ea) references to the SME (election) condition in section 357KA were to the SME (election) partnership condition in section 357WA;]
- (f) references to the large company condition in section 357KA were to the large partnership condition in section 357WA;
- (g) the reference in section 357OB(1)(b) to a qualifying trade by virtue of section 357KB(1) were to a qualifying partnership trade by virtue of section 357WB(1).

#### Textual Amendments

- F14** Words in s. 357WF(e) substituted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\), Sch. 7 para. 19\(2\)\(a\)](#)
- F15** Words in s. 357WF(e) substituted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\), Sch. 7 para. 19\(2\)\(b\)](#)
- F16** S. 357WF(ea) inserted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\), Sch. 7 para. 19\(3\)](#)

### 357WG Application of Part 8A to Northern Ireland firm

Chapter 15 (profits arising from the exploitation of patents etc) has effect in relation to a Northern Ireland firm as if—

- (a) except in relation to the making of elections under section 357A, references to a company were to the firm,
- (b) references to a Northern Ireland company were to a Northern Ireland firm,
- (c) references to the trade were to the firm's trade,
- (d) the reference in section 357V(2) to an election made by the company were to an election made by a corporate partner as defined by section 357GB(1),
- (e) the reference in 357V(2) to Part 8A were to Part 8A so far as relating to the corporate partner which made the election,
- (f) references to an accounting period of a company were to an accounting period of the firm,
- (g) the reference in section 357VB to the [<sup>F17</sup>SME (Northern Ireland employer) condition] in section 357KA were to the [<sup>F18</sup>SME (Northern Ireland employer) partnership condition] in section 357WA, and
- [<sup>F19</sup>(h) references in section 357VC to—
  - (i) the SME (election) condition in section 357KA were to the SME (election) partnership condition in section 357WA;
  - (ii) the large company condition in section 357KA were to the large partnership condition in section 357WA;
  - (iii) a qualifying trade by virtue of section 357KB(1) were to a qualifying partnership trade by virtue of section 357WB(1).]

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*Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, CHAPTER 16. (See end of Document for details)*

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### Textual Amendments

- F17** Words in s. 357WG(g) substituted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 7 para. 20\(2\)\(a\)](#)
- F18** Words in s. 357WG(g) substituted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 7 para. 20\(2\)\(b\)](#)
- F19** S. 357WG(h) substituted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 7 para. 20\(3\)](#)

### 357WH Allocation of Northern Ireland profits etc of firm to company

- (1) This section applies where the profits or losses of a firm's trade that are determined under section 1259(3) or (4) of CTA 2009 in relation to a company (“company A”) are—
- (a) Northern Ireland profits or losses of the trade,
  - (b) mainstream profits or losses of the trade, or
  - (c) a combination of—
    - (i) profits or losses within paragraph (a), and
    - (ii) profits or losses within paragraph (b).
- (2) Section 1262(1) of CTA 2009 (allocation of firm's profits or losses between partners) applies so as to allocate to company A a share of the profits or losses mentioned in subsection (1)(a) to (c).
- For this purpose, in a case within subsection (1)(c), the firm's profit-sharing arrangements are treated as applying separately in relation to each of those profits or losses.
- (3) In section 1263 of CTA 2009 (profit-making period in which some partners have losses)—
- (a) where subsection (1) of that section applies so that company A's share of the profit of the trade is neither a profit nor a loss, that subsection applies so that company A is treated as having no Northern Ireland profit, no Northern Ireland loss, no mainstream profit and no mainstream loss;
  - (b) where subsection (2) of that section applies so that company A's share of the profit of the trade is reduced, that subsection applies so that any Northern Ireland profit, Northern Ireland loss, mainstream profit or mainstream loss of company A is reduced by the same proportion.
- (4) In section 1264 of CTA 2009 (loss-making period in which some partners have profits) —
- (a) where subsection (1) of that section applies so that company A's share of the loss of the trade is neither a profit nor a loss, that subsection applies so that company A is treated as having no Northern Ireland profit, no Northern Ireland loss, no mainstream profit and no mainstream loss;
  - (b) where subsection (2) of that section applies so that company A's share of the loss of the trade is reduced, that subsection applies so that any Northern Ireland profit, Northern Ireland loss, mainstream profit or mainstream loss of company A is reduced by the same proportion.]

**Changes to legislation:**

There are currently no known outstanding effects for the Corporation Tax Act 2010, CHAPTER 16.