



Corporation Tax Act 2010

2010 CHAPTER 4

[^{F1}PART 8B

TRADING PROFITS TAXABLE AT THE NORTHERN IRELAND RATE

CHAPTER 8

INTANGIBLE FIXED ASSETS

[^{F1}Realisation credits and realisation debits

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](#)

357OD “Realisation credit” and “realisation debit”

In this Chapter, a “realisation credit” or “realisation debit”, in relation to a trade carried on by a company in an accounting period, means a credit or debit which—

- (a) is brought into account by the company under Part 8 of CTA 2009 for the period as a result of Chapter 4 of that Part (realisation of intangible fixed assets),
- (b) is treated under section 747 of that Act as a receipt or expense of the trade, and
- (c) does not relate to a pre-commencement asset.

357OE The Northern Ireland element of a realisation credit or debit

- (1) This section has effect for the purposes of this Chapter.

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- (2) A realisation credit or realisation debit can have a “Northern Ireland element” only if—
- (a) the intangible fixed asset to which it relates has been held by the company, in an accounting period in which it was a Northern Ireland company, wholly or partly for the purposes of a qualifying trade carried on by the company, except so far as the trade consists of an excluded activity, or
 - (b) in the case of a realisation credit, roll-over relief was previously given in respect of an asset which was so held.
- (3) The “Northern Ireland element” of a realisation credit or realisation debit is determined in accordance with section 357OF or 357OG.
- (4) “Roll-over relief” means relief under Chapter 7 of Part 8 of CTA 2009 (roll-over relief in case of realisation and reinvestment).

357OF Northern Ireland element: general rule

- (1) If a realisation credit or realisation debit arises under section 735 of CTA 2009 (asset written down for tax purposes), its Northern Ireland element is determined by the formula—

$$A \times \frac{NI}{C - \text{TWDV}}$$

where—

A is the amount of the realisation credit or realisation debit;

NI is the total net Northern Ireland debits (see subsection (2));

C is the cost of the asset recognised for tax purposes, as defined by section 742(2) or 743(2) of CTA 2009;

TWDV is the tax written-down value of the asset within the meaning of Part 8 of CTA 2009 (see Chapter 5 of that Part).

- (2) In subsection (1) “the total net Northern Ireland debits” means—
- (a) in a case within section 742 of CTA 2009, the total debits previously brought into account for tax purposes under Part 8 of CTA 2009 in respect of the asset so far as they were Northern Ireland intangibles debits for the purposes of this Chapter, less the total credits previously so brought into account for tax purposes so far as they were Northern Ireland intangibles credits for the purposes of this Chapter, or
 - (b) in a case within section 743 of CTA 2009, the total debits previously brought into account for tax purposes under Part 8 of CTA 2009 in respect of the asset so far as they were Northern Ireland intangibles debits for the purposes of this Chapter.
- (3) Subsection (4) applies if—

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- (a) a realisation credit or realisation debit arises under section 736 of CTA 2009 (asset shown in balance sheet and not written down for tax purposes), or
 - (b) a realisation credit arises under section 738 of CTA 2009 (asset not shown in balance sheet).
- (4) The Northern Ireland element of the realisation credit or realisation debit is such proportion of the realisation credit or realisation debit as can on a just and reasonable basis be attributed to the holding of the asset for the purposes of the relevant Northern Ireland trade.
- (5) This section does not apply to a realisation credit if section 357OG (cases involving roll-over relief) applies.
- (6) In this section “the relevant Northern Ireland trade” means the qualifying trade carried on by the company in an accounting period in which it was a Northern Ireland company, except so far as the trade consists of an excluded activity.

357OG Northern Ireland element: credits where roll-over relief involved

- (1) This section applies if a realisation credit relates to an asset (“the new asset”) whose cost recognised for tax purposes is reduced as a result of roll-over relief previously given on the realisation of another asset (“the old asset”).
- (2) To calculate the Northern Ireland element of the realisation credit on the realisation of the new asset, take the following steps—
- Step 1* Calculate the part (if any) of the realisation credit that is attributable to the total net debits in respect of the new asset.
 - Step 2* Calculate the Northern Ireland element of the result of Step 1 by applying to it the proportion that the total net Northern Ireland debits bears to the total net debits.
 - Step 3* If the realisation credit exceeds the total net debits, calculate any part of the excess that is attributable to the reduction in the cost of the new asset recognised for tax purposes that resulted from the roll-over relief.
 - Step 4* If, in the absence of roll-over relief, a proportion of the realisation credit on the realisation of the old asset would in accordance with section 357OF have been a Northern Ireland element, calculate the Northern Ireland element of the result of Step 3 by applying that proportion to it.
 - Step 5* If any remaining amount of the realisation credit has not been attributed under Step 1 or 3, calculate the Northern Ireland element of that remaining amount by determining how much of that remaining amount can on a just and reasonable basis be attributed to the holding of the new asset for the purposes of the relevant Northern Ireland trade.
- (3) The Northern Ireland element of the realisation credit is the total of the Northern Ireland elements calculated at Steps 2, 4 and 5.
- (4) In this section—
- “the relevant Northern Ireland trade” means the qualifying trade carried on by the company in an accounting period in which it was a Northern Ireland company, except so far as the trade consists of an excluded activity;
 - “the total net debits” means—
- (a) in a case within section 742 of CTA 2009, the total debits previously brought into account for tax purposes under Part 8 of CTA 2009 in

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respect of the asset, less the total credits previously so brought into account (if any), or

- (b) in a case within section 743 of CTA 2009, the total debits previously brought into account for tax purposes under Part 8 of CTA 2009 in respect of the asset;

“the total net Northern Ireland debits” has the meaning given by section 357OF(2).]

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