

CORPORATION TAX ACT 2009

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 9: Intellectual property: know-how and patents

Overview

Chapter 2: Disposals of know-how

Section 908: Charge to tax on profits from disposals of know-how

2300. The sections in Chapter 2 deal with consideration received for the disposal of know-how. This section applies the charge to corporation tax on income to the proceeds of certain disposals of know-how. It is based on section 531 of ICTA. The corresponding rule for income tax is in section 583 of ITTOIA.
2301. Under the source legislation, income from disposals of know-how is charged to tax under Schedule D Case VI of ICTA.
2302. *Subsection (1)* applies the charge to corporation tax on income. Subsection (1)(b) is based on section 531(8) of ICTA but the words “whether absolute or qualified” are omitted since they are superfluous.
2303. *Subsection (5)* restores a definition of “mineral deposits” that applied before CAA was enacted. This change reproduces Change 51 in ITTOIA and so brings the income and corporation tax codes back into line. See *Change 41* in Annex 1.

Section 909: Exceptions to charge under section 908

2304. This section sets out the exceptions to the charge under section 908. It is based on section 531 of ICTA. The corresponding rule for income tax is in section 584 of ITTOIA.

Section 910: Profits charged under section 908

2305. This section sets out the amount charged to tax under section 908. It is based on section 531 of ICTA. The corresponding rule for income tax is in section 585 of ITTOIA.
2306. *Subsection (3)* is new and gives a signpost to the section which deals with contributions to expenditure. This is necessary because section 532 of ICTA treats section 531 of ICTA as if it were contained in CAA.