

# CORPORATION TAX ACT 2009

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## EXPLANATORY NOTES

### COMMENTARY ON SECTIONS

#### **Part 9: Intellectual property: know-how and patents**

##### **Overview**

##### *Chapter 5: Supplementary*

##### *Section 926: Contributions to expenditure*

2341. This section restricts expenditure allowable under section 910, section 913 and section 924 to the extent that the expenditure is met by a public body or someone other than the company. It is based on section 532 of ICTA and section 532 of CAA. The corresponding rule for income tax is in section 603 of ITTOIA.

2342. *Subsection (3)* is new and excludes the application of this section to incidental expenses incurred by the seller of patent rights (see section 913(2)(b)). This is because section 524 of ICTA only bites in the first place on the net proceeds of a sale.

##### *Section 927: Contributions not made by public bodies nor eligible for tax relief*

2343. This section qualifies the general rule in section 926 by providing that contributions not made by public bodies may still be eligible as deductible expenditure in certain circumstances. The section is based on section 532 of ICTA and section 536 of CAA. The corresponding rule for income tax is in section 604 of ITTOIA.

##### *Section 928: Exchanges*

2344. This section extends the definition of a sale of property to include exchanges of property for the purposes of this Part. It is based on section 532 of ICTA and sections 453 and 572 of CAA. The corresponding rule for income tax is in section 605 of ITTOIA.

##### *Section 929: Apportionment where property sold together*

2345. This section provides for the apportionment of sale proceeds and expenditure on a just and reasonable basis if property within the scope of this Part is sold with other property. It is based on section 532 of ICTA and sections 453 and 562 of CAA. The corresponding rule for income tax is in section 606 of ITTOIA.

##### *Section 930: Questions about apportionments affecting two or more persons*

2346. This section provides for questions relating to apportionment under section 929 that affect two or more persons to be determined by the body prescribed by section 563 of CAA. It is based on section 532 of ICTA and section 563 of CAA. The corresponding rule for income tax is in section 607 of ITTOIA.

*These notes refer to the Corporation Tax Act 2009  
(c.4) which received Royal Assent on 26 March 2009*

***Section 931: Meaning of “capital sums” etc***

2347. This section applies section 4 of CAA (which defines “capital expenditure” and “capital sums”) for the purposes of the Part. It is based on section 532 of ICTA. The corresponding rule for income tax is in section 608 of ITTOIA.