



# Corporation Tax Act 2010

## 2010 CHAPTER 4

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

PROFITS ARISING FROM THE EXPLOITATION OF PATENTS ETC

### CHAPTER 3

RELEVANT IP PROFITS [<sup>F2</sup>: CASES MENTIONED IN  
SECTION 357A(7): NO INCOME FROM NEW IP]

*[<sup>F1</sup>Election for small claims treatment*

#### Textual Amendments

**F1** Pt. 8A inserted (with effect in accordance with [Sch. 2 paras. 7, 8](#) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 2 para. 1\(1\)](#)

#### **357CL Companies eligible to elect for small claims treatment**

- (1) A company may [<sup>F3</sup>make an election under this section] for small claims treatment for an accounting period if condition A or B is met in relation to the accounting period.
- (2) Condition A is that the aggregate of the amounts of qualifying residual profit of each trade of the company for the accounting period does not exceed £1,000,000.
- (3) Condition B is that—
  - (a) the aggregate of the amounts of qualifying residual profit of each trade of the company for the accounting period does not exceed the relevant maximum, and
  - (b) the company did not take Step 6 in section 357C(1) or 357DA(1) for the purpose of calculating the relevant IP profits of any trade of the company for any previous accounting period beginning within the relevant 4-year period.

**Changes to legislation:** Corporation Tax Act 2010, Cross Heading: Election for small claims treatment is up to date with all changes known to be in force on or before 18 September 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- (4) In subsection (3)(b) “the relevant 4-year period” means the period of 4 years ending immediately before the accounting period mentioned in subsection (3)(a).
- (5) If [<sup>F4</sup>no other company is a related 51% group company of the company] in the accounting period, the relevant maximum is £3,000,000.
- (6) If [<sup>F5</sup>one or more other companies are related 51% group companies of the company,] in the accounting period, the relevant maximum is—
- $$£ 3,000,000 \times 1 + N$$
- where N is the number of [<sup>F6</sup>those related 51% group] companies in relation to which an election under [<sup>F7</sup>section 357A(1)] has effect for the accounting period.
- (7) For an accounting period of less than 12 months, the relevant maximum is proportionately reduced.
- (8) Any amount of qualifying residual profit of a trade of the company that is not greater than nil is to be disregarded for the purposes of this section.

<sup>F8</sup>(9) .....

#### Textual Amendments

- F3** Words in s. 357CL(1) substituted (15.9.2016) by [Finance Act 2016 \(c. 24\)](#), [Sch. 9 para. 10\(2\)](#)
- F4** Words in s. 357CL(5) substituted (with effect in accordance with Sch. 1 para. 21 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 1 para. 13\(2\)\(a\)](#)
- F5** Words in s. 357CL(6) substituted (with effect in accordance with Sch. 1 para. 21 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 1 para. 13\(2\)\(b\)\(i\)](#)
- F6** Words in s. 357CL(6) substituted (with effect in accordance with Sch. 1 para. 21 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 1 para. 13\(2\)\(b\)\(ii\)](#)
- F7** Words in s. 357CL(6) substituted (15.9.2016) by [Finance Act 2016 \(c. 24\)](#), [Sch. 9 para. 10\(3\)](#)
- F8** S. 357CL(9) omitted (with effect in accordance with Sch. 1 para. 21 of the amending Act) by virtue of [Finance Act 2014 \(c. 26\)](#), [Sch. 1 para. 13\(2\)\(c\)](#)

### 357CM Small claims amount

- (1) This section applies where a company [<sup>F9</sup>makes an election under section 357CL] for small claims treatment for an accounting period.
- (2) The small claims amount in relation to each trade of the company for the accounting period is—
- if the amount in subsection (3) is lower than the small claims threshold, 75% of the qualifying residual profit of the trade for the accounting period;
  - in any other case, the amount given by—

$$SCT \times T$$

where—

SCT is the small claims threshold, and

T is the number of trades of the company.

- (3) The amount referred to in subsection (2)(a) is—

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$$0.75 \times QRP$$

where QRP is the aggregate of the amounts of qualifying residual profit of each trade of the company for the accounting period (but see subsection (4)).

- (4) Any amount of qualifying residual profit of a trade of the company that is not greater than nil is to be disregarded for the purposes of subsection (3).
- (5) If [<sup>F10</sup>no other company is a related 51% group company of the company] in the accounting period, the small claims threshold is £1,000,000.
- (6) If [<sup>F11</sup>one or more other companies are related 51% group companies of the company, ] in the accounting period, the small claims threshold is—

$$£1,000,000 \frac{1}{1+N}$$

where N is the number of [<sup>F12</sup>those related 51% group] companies in relation to which an election under section 357A has effect for the accounting period.

- (7) For an accounting period of less than 12 months, the small claims threshold is proportionately reduced.

<sup>F13</sup>(8) .....]

#### Textual Amendments

- F9** Words in s. 357CM(1) substituted (15.9.2016) by [Finance Act 2016 \(c. 24\)](#), [Sch. 9 para. 11](#)
- F10** Words in s. 357CM(5) substituted (with effect in accordance with Sch. 1 para. 21 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 1 para. 13\(3\)\(a\)](#)
- F11** Words in s. 357CM(6) substituted (with effect in accordance with Sch. 1 para. 21 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 1 para. 13\(3\)\(b\)\(i\)](#)
- F12** Words in s. 357CM(6) substituted (with effect in accordance with Sch. 1 para. 21 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 1 para. 13\(3\)\(b\)\(ii\)](#)
- F13** S. 357CM(8) omitted (with effect in accordance with Sch. 1 para. 21 of the amending Act) by virtue of [Finance Act 2014 \(c. 26\)](#), [Sch. 1 para. 13\(3\)\(c\)](#)

**Changes to legislation:**

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 357CHA omitted by [2024 c. 3 Sch. 2 para. 14\(7\)](#)
- s. 658(1)(d)(e) inserted by [2010 c. 13 Sch. 6 para. 31](#) (This amendment not applied to [legislation.gov.uk](#). Sch. 6 para. 31 omitted (retrospective to 6.4.2010) by virtue of Finance Act 2012 (c. 14), s. 52(2) (3))