



Corporation Tax Act 2010

2010 CHAPTER 4

[^{F1}PART 8A

PROFITS ARISING FROM THE EXPLOITATION OF PATENTS ETC

[^{F1}CHAPTER 1

REDUCED CORPORATION TAX RATE FOR PROFITS FROM PATENTS ETC

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\(1\)](#)

357A Election for special treatment of profits from patents etc

- (1) A company may elect that any relevant IP profits of a trade of the company for an accounting period for which it is a qualifying company are chargeable at a lower rate of corporation tax.
- (2) An election under subsection (1) is to be given effect by allowing a deduction to be made in calculating for corporation tax purposes the profits of the trade for the period.
- (3) The amount of the deduction is—

$$RP \times \left(\frac{MR - IPR}{MR} \right)$$

where—

RP is the relevant IP profits of the trade of the company,

MR is the main rate of corporation tax, and

Status: Point in time view as at 15/09/2016.

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, CHAPTER 1. (See end of Document for details)

IPR is the special IP rate of corporation tax.

- (4) The special IP rate of corporation tax is 10%.
- (5) Chapter 2 specifies when a company is a qualifying company.
- [^{F2}(6) Chapter 2A makes provision for determining the relevant IP profits or relevant IP losses of a trade of a company for an accounting period in a case where—
 - (a) the accounting period begins on or after 1 July 2021, or
 - (b) the company is a new entrant (see subsection (11)).
- (7) Chapters 2B, 3 and 4 make provision for determining the relevant IP profits or relevant IP losses of a trade of a company for an accounting period in various cases where—
 - (a) the accounting period begins before 1 July 2021, and
 - (b) the company is not a new entrant.]
 - (8) Chapter 5 makes provision in relation to the relevant IP losses of a trade.
 - (9) Chapter 6 contains anti-avoidance provisions.
 - (10) Chapter 7 contains supplementary provision.]
 - [^{F3}(11) A company is a “new entrant” for the purposes of this Part if—
 - (a) the first accounting period for which the company's election (or most recent election) under subsection (1) has effect begins on or after 1 July 2016, or
 - (b) the company elects to be treated as a new entrant for the purposes of this Part.]

Textual Amendments

- F2** S. 357A(6)(7) substituted (with effect in accordance with s. 64(7) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 64\(2\)\(a\)](#)
- F3** S. 357A(11) inserted (with effect in accordance with s. 64(7) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 64\(2\)\(b\)](#)

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Changes to legislation:

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