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*Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Paragraph 46. (See end of Document for details)*

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## SCHEDULES

### SCHEDULE 2

#### TRANSITIONALS AND SAVINGS ETC

#### PART 5

#### LOSSES ON DISPOSAL OF SHARES

*Excluded activities: receipt of royalties and licence fees*

- 46 (1) Sub-paragraph (3) applies, in the circumstances mentioned in sub-paragraph (2), for the purpose of modifying the effect of section 195 of ITA 2007 (as applied for the purposes of the definition of “excluded activities” by section 79(7) of this Act) in relation to a relevant time or a relevant period.
- (2) Sub-paragraph (3) applies if—
- (a) shares in or securities of a company (“the company”) were issued before 6 April 2007,
  - (b) immediately before that date—
    - (i) the right to exploit an intangible asset (“the asset”) was vested in the company or a subsidiary of it (in either case, whether alone or jointly with others), and
    - (ii) the asset was a relevant intangible asset,
  - (c) at any time on or after that date, an activity carried on by the company or a subsidiary of it would be an excluded activity by reason only of the receipt of royalties or licence fees attributable to the exploitation of the asset, and
  - (d) the activity would not be an excluded activity if the amendments made by Part 3 of Schedule 16 to FA 2007 had not been made.
- (3) The activity is to be treated, in relation to those shares or securities, as not being an excluded activity at that time.
- (4) For the purposes of sub-paragraph (1)—
- (a) a “relevant time” is any time relevant for the purposes of condition A in section 78(2) falling on or after 6 April 2007, and
  - (b) a “relevant period” is any period relevant for the purposes of condition B in section 78(3) beginning on or after that date (but see also sub-paragraph (5)).
- (5) In the case of a period that begins before 6 April 2007 but ends on or after that date, the part of the period falling on or after that date is a “relevant period” for the purposes of sub-paragraph (1).
- (6) In sub-paragraph (2), “intangible asset” and “relevant intangible asset” have the same meanings as in section 195 of ITA 2007.

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