



# Corporation Tax Act 2010

## 2010 CHAPTER 4

### PART 16

#### FACTORING OF INCOME ETC

### CHAPTER 1

#### TRANSFERS OF INCOME STREAMS

#### **753 Value of transferred income stream treated as income**

- (1) The relevant amount (see subsection (2)) is to be treated as income of the transferor chargeable to corporation tax in the same way and to the same extent as that in which the relevant receipts—
  - (a) would have been chargeable to corporation tax, or
  - (b) would have been brought into account in calculating any profits for the purposes of corporation tax,but for the transfer of the right to relevant receipts.
- (2) The relevant amount is—
  - (a) (except where paragraph (b) applies) the amount of the consideration for the transfer of the right, or
  - (b) where the amount of any such consideration is substantially less than the market value of the right at the time when the transfer takes place (or where there is no consideration for the transfer of the right), the market value of the right at that time.
- (3) The income under subsection (1) is to be treated as arising—
  - (a) to the extent that it does not exceed the amount of the consideration for the transfer of the right, in the period or periods for which, in accordance with generally accepted accounting practice, the consideration for the transfer is recognised for accounting purposes in a profit and loss account or income statement of the transferor, and

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**Changes to legislation:** There are currently no known outstanding effects for the Corporation Tax Act 2010, Section 753. (See end of Document for details)

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- (b) otherwise, in the period or periods for which, in accordance with generally accepted accounting practice, the consideration for the transfer would be so recognised if it were of an amount equal to the market value of the right at the time when the transfer takes place.
- (4) But if at any time it becomes reasonable to assume that the income (to any extent) is not, or would not be, treated by subsection (3) as arising in an accounting period of the transferor, the income is to that extent to be treated as arising immediately before that time.

**Changes to legislation:**

There are currently no known outstanding effects for the Corporation Tax Act 2010, Section 753.