

SCHEDULES

SCHEDULE 2

PROFITS ARISING FROM THE EXPLOITATION OF PATENTS ETC

PART 3

COMMENCEMENT AND TRANSITIONAL PROVISION

Application

- 7 (1) The amendments made by this Schedule have effect in relation to accounting periods beginning on or after 1 April 2013 for which an election under section 357A of CTA 2010 has effect.
- (2) Sub-paragraph (3) applies where a company has an accounting period beginning before 1 April 2013 and ending on or after that date (“the straddling period”).
- (3) For the purposes of Part 8A of CTA 2010—
- (a) so much of the straddling period as falls before 1 April 2013, and so much of that period as falls on or after that date, are treated as separate accounting periods, and
 - (b) any amounts brought into account for the purposes of calculating for corporation tax purposes the profits of any trade of the company for the straddling period are apportioned to the two separate accounting periods on such basis as is just and reasonable.

Special treatment of profits from patents etc to be phased in

- 8 (1) In each of the financial years in the Table below, the reference to RP in the formula in section 357A(3) of CTA 2010 is to be read as a reference to the percentage of RP given for that year—

<i>Financial year</i>	<i>Percentage of RP</i>
2013	60%
2014	70%
2015	80%
2016	90%

- (2) Sub-paragraph (3) applies where there is a set-off amount in relation to any trade of a company for an accounting period falling wholly or partly within a financial year mentioned in the Table in sub-paragraph (1) (“the relevant year”) and—
- (a) section 357EB of CTA 2010 (allocation of set-off amount within group) applies in relation to the set-off amount (or so much of it as remains after the

Status: This is the original version (as it was originally enacted).

operation of section 357EA(2) of that Act) for a relevant accounting period falling wholly or partly within the financial year following the relevant year, or

- (b) section 357EC of that Act (carry-forward of set-off amount) applies in relation to the set-off amount (or so much of it as remains after the operation of section 357EA(2) or 357EB(2) of that Act).

- (3) For the purposes of section 357EB or (as the case may be) 357EC of CTA 2010 there is to be deducted from the relevant amount an amount equal to the appropriate fraction of that amount.

“The relevant amount” is the amount in relation to which that section applies as mentioned in sub-paragraph (2).

- (4) The appropriate fraction is—

$$\frac{10\%}{P}$$

where P is—

- (a) the percentage given as the percentage of RP by that Table for the financial year following the relevant year, or
 (b) where the relevant year is the financial year 2016, 100%.

- (5) If a company’s accounting period falls within more than one financial year—
 (a) the amount of any relevant IP profits of a trade of the company for the accounting period, and
 (b) where sub-paragraph (3) applies, the relevant amount (within the meaning of that sub-paragraph),

must for the purposes of this paragraph be apportioned between the financial years in which the accounting period falls on such basis as is just and reasonable.

- (6) In this paragraph—

“relevant accounting period” has the meaning given by section 357EB(3) of CTA 2010,

“relevant IP profits”, in relation to a trade of a company for an accounting period, has the same meaning in this paragraph as in Part 8A of that Act, and

“set-off amount”, in relation to a trade of a company for an accounting period, is to be read in accordance with Chapter 5 of that Act.