

## SCHEDULES

### SCHEDULE 9

Section 64

#### PROFITS FROM THE EXPLOITATION OF PATENTS ETC: CONSEQUENTIAL

- 1 CTA 2010 is amended in accordance with this Schedule.
- 2 In section 357B (meaning of “qualifying company”), in subsection (3)(b)(ii), for “section 357A” substitute “section 357A(1)”.
- 3 In the heading of Chapter 3 of Part 8A, after “profits” insert “: cases mentioned in section 357A(7): no income from new IP”.
- 4 (1) Section 357C (relevant IP profits) is amended as follows.
  - (2) Before subsection (1) insert—

“(A1) This section applies for the purposes of determining the relevant IP profits of a trade of a company for an accounting period in a case where—

    - (a) the accounting period began before 1 July 2021,
    - (b) the company is not a new entrant (see section 357A(11)), and
    - (c) none of the amounts of relevant IP income brought into account as credits in calculating the profits of the trade for the accounting period is properly attributable to a new qualifying IP right (see section 357BP).

But see also section 357D (alternative method of calculating relevant IP profits in such a case).”
  - (3) In subsection (1)—
    - (a) in the words before Step 1, omit “of a trade of a company for an accounting period”,
    - (b) in Step 2, for “357CC and 357CD” substitute “357BH to 357BHC”,
    - (c) in Step 4, after “routine return figure” insert “in relation to the trade for the accounting period”,
    - (d) in Step 5, for “elected” substitute “made an election under section 357CL”, and
    - (e) in Step 6, after “marketing assets return figure” insert “in relation to the trade for the accounting period”.
- 5 In section 357CA (total gross income of a trade), in subsection (2), for “section 357CB” substitute “section 357BG”.
- 6 Omit sections 357CB to 357CF.
- 7 (1) Section 357CG (adjustments in calculating profits of trade) is amended as follows.
  - (2) In subsection (1) after “determining” insert “under section 357C”.
  - (3) In subsection (4), in the words after paragraph (b), for “section 357CB” substitute “section 357BG”.

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- (4) In subsection (6), in paragraph (a)(ii) of the definition of “relevant accounting period”, for “section 357A” substitute “section 357A(1)”.
- 8        In section 357CI (routine return figure), in Step 1 in subsection (1), for “sections 357CJ and 357CK” substitute “sections 357BJA and 357BJB”.
- 9        Omit sections 357CJ and 357CK.
- 10      (1) Section 357CL (companies eligible to elect for small claims treatment) is amended as follows.
- (2) In subsection (1) for “elect” substitute “make an election under this section”.
- (3) In subsection (6) for “section 357A” substitute “section 357A(1)”.
- 11      In section 357CM (small claims amount), in subsection (1), for “elects” substitute “makes an election under section 357CL”.
- 12      (1) Section 357D (alternative method of calculating relevant IP profits: “streaming”) is amended as follows.
- (2) In subsection (1) at the end insert “in a case where—
- (a) the accounting period began before 1 July 2021,
- (b) the company is not a new entrant (see section 357A(11)), and
- (c) none of the amounts of relevant IP income brought into account as credits in calculating the profits of the trade for the accounting period is properly attributable to a new qualifying IP right (see section 357BP).”
- (3) For subsection (4) substitute—
- “(4) A company must apply section 357DA (instead of section 357C) for the purposes of determining the relevant IP profits of a trade of the company for an accounting period in a case mentioned in subsection (1) if any of the mandatory streaming conditions in section 357DC is met in relation to the trade for the period.”
- 13      (1) Section 357DA (relevant IP profits) is amended as follows.
- (2) In subsection (1)—
- (a) in Step 1—
- (i) for “section 357CB” substitute “section 357BG”, and
- (ii) for “sections 357CC and 357CD” substitute “sections 357BH to 357BHC”,
- (b) in Step 4, after “routine return figure” insert “in relation to the trade for the accounting period”,
- (c) in Step 5, for “elected” substitute “made an election under section 357CL”, and
- (d) in Step 6, after “marketing assets return figure” insert “in relation to the trade for the accounting period”.
- (3) In subsection (4), in the words after paragraph (b), for “sections 357CJ and 357CK” substitute “sections 357BJA and 357BJB”.
- 14      (1) Section 357DC (the mandatory streaming conditions) is amended as follows.
- (2) In subsection (8)(a) for “section 357CC” substitute “section 357BH”.

- (3) In subsection (9)(a) for “section 357CC(6)” substitute “section 357BH(6)”.
- 15 In section 357EB (allocation of set-off amount within a group) in subsection (3)(a) for “section 357A” substitute “section 357A(1)”.
- 16 In section 357ED (company ceasing to carry on trade etc) in subsection (2)(c) for “section 357A” substitute “section 357A(1)”.
- 17 In section 357FA (incorporation of qualifying items), in subsection (2), for “357CC(2)” substitute “357BH(2)”.
- 18 In section 357FB (tax advantage schemes) in subsection (4)(b) for “section 357A” substitute “section 357A(1)”.
- 19 (1) Section 357G (making an election under section 357A) is amended as follows.
- (2) In the heading, for “section 357A” substitute “section 357A(1) or (11)(b)”.
- (3) In subsection (1) for “section 357A” substitute “section 357A(1) or (11)(b)”.
- 20 (1) Section 357GA (revocation of election made under section 357A) is amended as follows.
- (2) In the heading, for “section 357A” substitute “section 357A(1)”.
- (3) In subsection (1) for “section 357A” substitute “section 357A(1)”.
- (4) In subsection (5) for “section 357A” substitute “section 357A(1)”.
- 21 (1) Section 357GB (application of Part 8A in relation to partnerships) is amended as follows.
- (2) In subsection (11)—
- (a) in the words before paragraph (a), after “Sections” insert “357BK, 357BKA”, and
- (b) in paragraph (a) after “section” insert “357BK or”.
- (3) In subsection (12) for “section 357CB(1)(c)” substitute “section 357BG(1)(c)”.
- 22 In section 357GC (application of Part 8A in relation to cost-sharing arrangements), in subsection (3), for “section 357CB(1)(c)” substitute “section 357BG(1)(c)”.
- 23 (1) Section 357GE (other interpretation) is amended as follows.
- (2) In subsection (1)—
- (a) at the appropriate place insert—
- ““payment” includes payment in money’s worth.”, and
- (b) omit the definition of “qualifying residual profit”.
- (3) After subsection (1) insert—
- “(1A) In Chapters 3 and 4 of this Part “qualifying residual profit” of a trade, in relation to any accounting period, is the amount obtained by the application of Steps 1 to 4 in section 357C or (as the case may be) section 357DA in relation to the trade for the accounting period.”
- 24 In Schedule 4 (index of defined expressions)—
- (a) for the entry for “finance income (in Part 8A)” substitute—

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- “finance income (in Part 8A) | section 357BG”,
- (b) after the entry for “new consideration (in Part 23)” insert—
- “new entrant (in Part 8A) | section 357A(11)”,
- (c) in the entry for “qualifying residual profit of a trade (in Part 8A)”, in the left hand column, after “in” insert “Chapters 3 and 4 of”, and
- (d) for the entry for “relevant IP income (in Part 8A)” substitute—
- “relevant IP income (in Part 8A) | section 357BH”.