



Corporation Tax Act 2009

2009 CHAPTER 4

PART 3

TRADING INCOME

CHAPTER 13

DISPOSAL AND ACQUISITION OF KNOW-HOW

178 Disposal of know-how as part of disposal of all or part of a trade

- (1) This section applies if —
 - (a) a person carrying on a trade receives consideration for the disposal of know-how which has been used in the trade, and
 - (b) the know-how is disposed of as part of the disposal of all or part of the trade.
- (2) If the person disposing of the know-how is within the charge to corporation tax, the consideration is treated for corporation tax purposes as a capital receipt for goodwill.
- (3) If the person acquiring the know-how—
 - (a) is within the charge to corporation tax, and
 - (b) provided the consideration,the consideration is treated for corporation tax purposes as a capital payment for goodwill.
- (4) But the consideration is not treated for corporation tax purposes as a capital payment for goodwill if, before the acquisition, the trade was carried on wholly outside the United Kingdom.
- (5) If the person disposing of the know-how is within the charge to corporation tax—
 - (a) that person, and
 - (b) the person acquiring the know-how (whether or not within the charge to corporation tax),

Status: Point in time view as at 01/04/2009.

Changes to legislation: Corporation Tax Act 2009, Section 178 is up to date with all changes known to be in force on or before 06 August 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

may jointly elect for this section not to apply (but see section 179).

(6) The election must be made within two years of the disposal.

(7) If—

- (a) an election is made under section 194 of ITTOIA 2005 (corresponding income tax provision), and
- (b) the person making the acquisition mentioned in that section is within the charge to corporation tax,

the persons making the election under that section are treated as also making an election under this section (even though the person disposing of the know-how is not within the charge to corporation tax).

Status:

Point in time view as at 01/04/2009.

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