



Corporation Tax Act 2010

2010 CHAPTER 4

[^{F1}PART 8A U.K.]

PROFITS ARISING FROM THE EXPLOITATION OF PATENTS ETC

[^{F2}CHAPTER 2A U.K.]

RELEVANT IP PROFITS: CASES MENTIONED IN SECTION 357A(6)

Small claims treatment

[^{F1}Small claims figure election U.K.]

[^{F2}357BNB

- (1) Subsection (2) applies where a company has made a small claims figure election for an accounting period under section 357BN(2)(b).
- (2) In its application for the purposes of determining the relevant IP profits of the trade of the company for the accounting period, section 357BF(2) (steps for calculating relevant IP profits) has effect as if in Step 5—
 - (a) for “marketing assets return figure” there was substituted “small claims figure”, and
 - (b) for “(see section 357BK)” there was substituted “(see section 357BNB(3))”.
- (3) Subsections (4) to (9) apply for the purpose of calculating the small claims figure for a relevant IP income sub-stream established at Step 2 in section 357BF(2) in determining the relevant IP profits of a trade of a company for an accounting period.
- (4) If 75% of the qualifying residual profit of the trade for the accounting period is lower than the small claims threshold, the small claims figure for the sub-stream is 25% of the amount of the sub-stream following Step 4 in section 357BF(2).
- (5) If 75% of the qualifying residual profit of the trade for the accounting period is higher than the small claims threshold, the small claims figure for the sub-stream is the amount given by—

Changes to legislation: Corporation Tax Act 2010, Section 357BNB is up to date with all changes known to be in force on or before 27 July 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) View outstanding changes

$$A - (A \text{ QRP} \times \text{SCT})$$

where—

A is the amount of the sub-stream following the deductions required by Step 4 in section 357BF(2),

QRP is the qualifying residual profit of the trade of the company for the accounting period, and

SCT is the small claims threshold.

(6) If [^{F3}the company has no associated company] in the accounting period, the small claims threshold is £1,000,000.

(7) If [^{F4}the company has one or more associated companies] in the accounting period, the small claims threshold is—

$$£ 1,000,000 (1 + N)$$

where N is the number of [^{F5}those associated] companies in relation to which an election under section 357A(1) has effect for the accounting period.

(8) For an accounting period of less than 12 months, the small claims threshold is proportionately reduced.

(9) Subsection (6) of section 357BN (meaning of “qualifying residual profit”) applies for the purposes of subsection (4) and (5) of this section.

[The rules in Part 3A (see sections 18E to 18J) which apply for determining whether
^{F6}(10) a company is another company's associated company in an accounting period for the purposes of section 18D apply for the purposes of this section.]]

Textual Amendments

- F1** Pt. 8A inserted (with effect in accordance with Sch. 2 paras. 7, 8 of the amending Act) by Finance Act 2012 (c. 14), Sch. 2 para. 1(1)
- F2** Pt. 8A Chs. 2A, 2B inserted (with effect in accordance with s. 64(7) of the amending Act) by Finance Act 2016 (c. 24), s. 64(3)
- F3** Words in s. 357BNB(6) substituted (with effect in accordance with Sch. 1 para. 33 of the amending Act) by Finance Act 2021 (c. 26), Sch. 1 para. 21(2)
- F4** Words in s. 357BNB(7) substituted (with effect in accordance with Sch. 1 para. 33 of the amending Act) by Finance Act 2021 (c. 26), Sch. 1 para. 21(3)(a)
- F5** Words in s. 357BNB(7) substituted (with effect in accordance with Sch. 1 para. 33 of the amending Act) by Finance Act 2021 (c. 26), Sch. 1 para. 21(3)(b)
- F6** S. 357BNB(10) inserted (with effect in accordance with Sch. 1 para. 33 of the amending Act) by Finance Act 2021 (c. 26), Sch. 1 para. 21(4)

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 357CHA omitted by [2024 c. 3 Sch. 2 para. 14\(7\)](#)
- s. 658(1)(d)(e) inserted by [2010 c. 13 Sch. 6 para. 31](#) (This amendment not applied to [legislation.gov.uk](#). Sch. 6 para. 31 omitted (retrospective to 6.4.2010) by virtue of Finance Act 2012 (c. 14), s. 52(2) (3))