



# Corporation Tax Act 2010

## 2010 CHAPTER 4

### [<sup>F1</sup>PART 8A

PROFITS ARISING FROM THE EXPLOITATION OF PATENTS ETC

### CHAPTER 3

RELEVANT IP PROFITS [<sup>F2</sup>: CASES MENTIONED IN  
SECTION 357A(7): NO INCOME FROM NEW IP]

*Steps for calculating relevant IP profits of a trade*

#### [<sup>F1</sup>357C Relevant IP profits

[ This section applies for the purposes of determining the relevant IP profits of a trade <sup>F3</sup>(A1) 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).]

(1) To determine the relevant IP profits <sup>F4</sup>...—

*Step 1* Calculate the total gross income of the trade for the accounting period (see section 357CA).

*Step 2* Calculate the percentage (“X%”) given by the following formula—

$$\text{RIPI TI} \times 100$$

where—

**Changes to legislation:** Corporation Tax Act 2010, Section 357C is up to date with all changes known to be in force on or before 07 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) View outstanding changes

“RIPI” is so much of the total gross income of the trade for the accounting period as is relevant IP income (see sections [F5357BH to 357BHC] ), and

“TI” is the total gross income of the trade for the accounting period.

*Step 3* Calculate X% of the profits of the trade for the accounting period. If there are no such profits, calculate X% of the losses of the trade (expressed as a negative figure) for the accounting period. In calculating the profits of the trade for the purposes of this step, make any adjustments required by section 357CG (and references in this step to the profits or losses of the trade are to be read subject to any such adjustments).

*Step 4* Deduct from the amount given by Step 3 the routine return figure [F6in relation to the trade for the accounting period] (see section 357CI). The amount given by this step is the “qualifying residual profit”.

If the amount of the qualifying residual profit is not greater than nil, go to Step 7.

*Step 5* If the company has [F7made an election under section 357CL] for small claims treatment, calculate the small claims amount in relation to the trade (see section 357CM). If the company has not, go to Step 6.

*Step 6* Deduct from the qualifying residual profit the marketing assets return figure [F8in relation to the trade for the accounting period] (see section 357CN).

*Step 7* If the company has made an election under section 357CQ (which provides in certain circumstances for profits arising before the grant of a right to be treated as relevant IP profits), add to the amount given by Step 5 or 6 (or, if the amount of the qualifying residual profit was not greater than nil, Step 4) any amount determined in accordance with subsection (3) of that section.

- (2) If the amount given by subsection (1) is greater than nil, that amount is the relevant IP profits of the trade for the accounting period.
- (3) If the amount given by subsection (1) is less than nil, that amount is the relevant IP losses of the trade for the accounting period (see Chapter 5).]

#### 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\(1\)](#)
- F3** S. 357C(A1) inserted (15.9.2016) by [Finance Act 2016 \(c. 24\)](#), [Sch. 9 para. 4\(2\)](#)
- F4** Words in s. 357C(1) omitted (15.9.2016) by virtue of [Finance Act 2016 \(c. 24\)](#), [Sch. 9 para. 4\(3\)\(a\)](#)
- F5** Words in s. 357C(1) substituted (15.9.2016) by [Finance Act 2016 \(c. 24\)](#), [Sch. 9 para. 4\(3\)\(b\)](#)
- F6** Words in s. 357C(1) inserted (15.9.2016) by [Finance Act 2016 \(c. 24\)](#), [Sch. 9 para. 4\(3\)\(c\)](#)
- F7** Words in s. 357C(1) substituted (15.9.2016) by [Finance Act 2016 \(c. 24\)](#), [Sch. 9 para. 4\(3\)\(d\)](#)
- F8** Words in s. 357C(1) inserted (15.9.2016) by [Finance Act 2016 \(c. 24\)](#), [Sch. 9 para. 4\(3\)\(e\)](#)

**Changes to legislation:**

Corporation Tax Act 2010, Section 357C is up to date with all changes known to be in force on or before 07 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.

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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))