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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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CIRD240170 - Patent Box: relevant IP losses: payments between group members for allocation

CTA10/S357EF

Where a company

- has a set-off amount in relation to a trade of the company for an accounting period,
- S357EB(2) has effect in relation to a relevant group member for the relevant accounting period ([CIRD240130](#) (<https://www.gov.uk/hmrc->

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- the company and the relevant group member have an agreement between them in relation to the relevant IP losses of the company, and
- as a result of the agreement the company makes a payment to the relevant group member that does not exceed the reduction in the relevant IP profits of the relevant group member arising under section 357EB(4),

the payment is not to be taken into account in determining the profits or losses of either company for corporation tax purposes, and is not for any purposes of the Corporation Tax Acts to be regarded as a distribution.

Where S357ED applies (company ceasing to carry on trade, etc) ([CIRD240150](#) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird240150>))), the reduction in the relevant IP profits of the relevant group member referred to above may include the amount that becomes, or is added to, the set-off amount in relation to a trade of the relevant group member for the relevant accounting period under S357EB(2).

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