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HMRC internal manual

Corporate Intangibles Research and Development Manual

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CIRD240150 - Patent Box: relevant IP losses: company ceasing to carry on trade

CTA10/S357ED

Where there is a set-off amount in relation to a trade of a company for an accounting period, and, the company either:

1. ceases to carry on the trade,
2. ceases to be within the charge to corporation tax in respect of the trade, or

3. the Patent Box election made by the company ceases to have effect

then any unreduced set-off amounts are firstly transferred to set-off against the relevant IP profits ('RP') of any other trade carried on by the company.

If there are remaining set-off amounts the amounts are transferred to any other group member that is a qualifying company at the relevant time (that is, the accounting period immediately following the accounting period in which the company ceases to be within the charge to corporation tax in respect of the trade).

The group can decide which group members with RP are to be allocated the set-off amount. If it does not then the sum goes in order to the companies with the largest RP for the relevant accounting period.

If there is no relevant group member with any RP for the relevant accounting period, the set-off amount is allocated to the trade of the company that has the greatest set-off amount in relation to any trade of any of the relevant group members for a relevant accounting period.

As set-off amount is reduced to nil only if the company ceases to carry on all its trades and is not, at that time, a member of a group with any other company that has made an election into the regime.

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