

## CHAPTER 3 Know-how and certain training

Allowance for know-how. FA68 s2 768.—(1) In this section—

“control” has the same meaning as in section 312;

“know-how” means industrial information and techniques likely to assist in the manufacture or processing of goods or materials, or in the carrying out of any agricultural, forestry, fishing, mining or other extractive operations;

references to a body of persons include references to a partnership.

(2) (a) For the purposes of this subsection, a person incurring expenditure on know-how before the setting up and commencement of the trade in which it is used shall be treated as incurring it on that setting up and commencement.

(b) Where a person incurs expenditure on know-how for use in a trade carried on by the person or, having incurred expenditure on know-how, sets up and commences a trade in which it is used, there shall, subject to this section, be allowed to be deducted as expenses, in computing for the purposes of Case I of Schedule D the profits or gains of the trade, such part of the expenditure as would but for this section not be allowed to be so deducted.

(3) Where a person acquires a trade or part of a trade and, together with the trade or the part of the trade, know-how used in the trade or part of the trade, no amount shall be allowed to be deducted under this section in respect of expenditure incurred on the acquisition of the know-how.

(4) Subsection (2) shall not apply on any sale of know-how where the buyer is a body of persons over whom the seller has control, or the seller is a body of persons over whom the buyer has control, or both the seller and the buyer are bodies of persons and some other person has control over both of them.