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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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Published 11 March 2016

Updated: 10 September 2025 - [See all updates](#)

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CIRD11670 - Intangible assets within CTA09/PART8: FA02 rule: time when asset treated as created or acquired: expenditure incurred rule CTA09/PART8/S883 - ‘expenditure incurred’ rule

CTA09/S883 only applies for the purpose of determining when an asset is created or acquired for the purpose of the FA02 rule (see CIRD11505 onwards).

It is not necessary to determine an actual date for the creation or acquisition of the asset. It is only necessary to determine whether the asset was created or acquired on or after 1 April 2002 or the other periods specified in CTA09/S883(3A) - (3C).

Where CTA09/S883 applies an asset is created or acquired on or after 1 April 2002 for the purposes of CTA09/PART8 if and when expenditure on its creation ([CIRD11675 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11675\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11675)) or acquisition ([CIRD11690 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11690\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11690)) is incurred on or after that date. CTA09/S883 cannot be satisfied where no expenditure has been incurred. If there is no expenditure the effect of CTA09/S883 is that the asset is treated as a pre-FA 2002 asset and not falling within any other period. This is subject to exceptions relating to when certain types of assets are regarded as created for the purposes of CTA09/PART8 (see [CIRD11675 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11675\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11675) onwards).

Whether expenditure is incurred on the creation of an intangible fixed asset or on the enhancement of an asset already in existence is discussed in [CIRD11678 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11678\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11678).

The date when any expenditure is incurred is linked to the provisions determining when expenditure is incurred under the corporation tax rules which otherwise apply to the asset.

Apportionment

Under these rules expenditure on the creation or acquisition of an intangible fixed asset may be incurred over a period that straddles 1 April 2002 (or any other period). Where in those circumstances CTA09/S883 applies to determine

when an asset is created or acquired, two separate assets are deemed to be created or acquired, one to which CTA09/PART8 applies and one to which the alternative enactments apply. An apportionment of the expenditure between the two assets is then to be made on a just and reasonable basis.

This provision is adopted not only for the purpose of applying CTA09/PART8 to the asset representing the expenditure incurred on or after 1 April 2002 but also in the application of whatever other corporation tax rules are in point with regard to the second asset.

Expenditure incurred prior to FA09/S70

Note that prior to FA09/S70 (see [CIRD48290](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird48290) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird48290>)) CTA09/S883 was treated as the general rule, with exceptions as specified in CTA09/S883(2). The scope of the exception provided by CTA09/S885 (see S883(2)(b)) was significantly broadened by the amendment in FA09/S70. As a consequence CTA09/S885 is now more likely to apply than S883 to determine when an asset was created for the purposes of CTA09/PART8 (see [CIRD11685](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11685) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11685>)).

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