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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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CIRD45030 - Intangible assets: related party rules: market value rule: general CTA09/PART8/S845

Where:

- there is a transfer of an asset between related parties (see [CIRD45105 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45105\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45105) onwards), and
- the asset is a chargeable intangible asset in the hands of at least one of those parties,

the transfer is generally deemed to have taken place at market value for both parties.

Market value applies not only for the purposes of Part 8 but also for all the purposes of the Taxes Acts. It therefore applies to the tax computations of the other party to the transaction even if the asset is outside Part 8 in the hands of that person.

Section 845 does not apply to any transaction other than the transfer of an intangible asset.

Where the transaction involves the grant of a licence in respect of an intangible asset see [CIRD48350 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird48350\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird48350).

Exceptions and modifications

The market value rule does not apply for either party if any of the following apply:

- the transfer is regarded as taking place on a tax-neutral basis (as defined in [CIRD40300 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40300\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40300))
- the transfer is one to which the transfer pricing rules apply ([CIRD45040 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45040\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45040)) but see the amendments CTA09/S846(1B) introduced by F(2)A15/S42 ([CIRD48330 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird48330\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird48330))
- the transfer is subject to a claim for disincorporation relief ([CIRD43000 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird43000\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird43000)).

In addition, the application of the market value rule is modified:

- where an asset is transferred other than at its market value and the transfer could give rise to a charge on any person under CTA10/PART23 (distributions) or Part 3 of ITEPA (employment income) ([CIRD45033](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45033) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45033>)), or
- where an asset is transferred to the company and a claim for relief is made under TCGA/S165 (relief for gifts of business assets) ([CIRD45035](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45035) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45035>)).

Market value

The market value of an asset is defined as the price that the asset might reasonably be expected to fetch on a sale in the open market. This is the same as the definition of market value for CG purposes (see CG16330).

The guidance in the CG Manual, regarding the help to be obtained from colleagues in Shares and Assets Valuation (SAV) should be followed. See CG68300 onwards.

Where valuation of intangible assets is an issue see [CIRD10240](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird10240) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird10240>).

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