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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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CIRD44060 - Intangible assets: Restrictions for goodwill and relevant assets: Definition of relevant assets and qualifying IP assets CTA09/S879A (2)

Definition of Relevant assets

The term ‘relevant assets’ applies to goodwill and other types of intangible fixed assets that are commonly associated with goodwill, including

those typically subsumed within goodwill under old UK GAAP (FRS10). This ensures that the new rules will apply to goodwill, and assets previously associated with goodwill, despite the relaxed recognition criteria in new UK GAAP (FRS102 s18 and IAS38). Without this provision many types of intangible fixed assets, not previously recognised as separate intangible fixed assets under old UK GAAP, would be eligible for unrestricted relief. The definition of 'relevant assets' therefore ensures that these assets are treated the same as goodwill, whether or not a restriction applies. 'Relevant assets' include:

- Goodwill,
- Customer information of a business,
- Customer relationships (contractual and non-contractual) of a business,
- Unregistered trade mark or sign used in the business, and
- A licence in respect of the above.

If during the course of your work a company identifies an asset closely associated with goodwill, but which is not included in the list above, please notify one of the intangibles tax specialists in BAI.

CTA09/S879J

Definition of qualifying IP asset

The definition of 'qualifying IP asset' is different to the definition of 'intellectual property' in CTA09/S712(3). In particular it omits trade marks (CTA09/S712(3)(a)) and information and techniques within (CTA09/S712(3)(c)).

The 'qualifying IP asset' must be an intangible fixed asset and one that meets the following two conditions. The first condition is that it falls within the list at CTA09/S879J(2)(a) - (c). This includes:

- Patents, registered designs, copyright, design rights and plant breeders rights,
- A similar right under the law of a country or territory outside the UK, or
- A licence in respect of the above.

The second condition is that the asset must not be excluded from CTA09/PART8 by either the exclusions within CTA09/PART8/CHAPTER10 or the general rule in CTA09/PART8/CHAPTER16 (see CTA09/S897J(3)). This ensures that relief is only given in respect of a relevant asset by reference to qualifying IP assets to which the provisions of CTA09/PART8 apply. For example, a patent that is a pre-FA02 asset in the company's hands is not a 'qualifying IP asset' even though it meets the first condition.

Note that CTA09/S879J(1) requires that the 'qualifying IP asset' is an 'intangible fixed asset'. Since the definition of 'intangible asset' includes intellectual property as defined in CTA09/S712(3) a 'qualifying IP asset' will meet that definition but it must also be fixed, that is it must be used by the company on a continuing basis in the course of the company's activities. "Intangible fixed asset" is defined in CTA09/S713 (see [CIRD11170](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11170) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11170>)).

Computer software licences

Computer software licences are excluded from being qualifying IP where the licence does not permit the manufacture, adaptation or supply of the software (see CTA09/S879J(4)). This is intended to exclude a computer software end user licence.

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