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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
([/government/organisations/hm-revenue-customs](#))

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CIRD20120 - Reinvestment relief: general matters and conditions to be satisfied: by new asset: expenditure must be capitalised

CTA09/S756(2)

General

Expenditure can only be taken into account for reinvestment relief if it is capitalised for accounting purposes (rather than written off as incurred under

CTA09/S728 - see [CIRD12530](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12530)
(<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12530>)).

Asset not appearing in formal balance sheet

Where an intangible asset is realised shortly after acquisition the fact that it has never appeared in a company's balance sheet drawn up at the end of a period of account would not prevent the expenditure from being regarded as capitalised.

Relief by reference to expenditure on an asset in these circumstances is likely to be available only where a company changes its plans shortly after acquiring an asset. That is because an intangible asset does not come within CTA09/PART8 unless it is a fixed asset, that is one intended on acquisition or creation for use on a continuing basis in the company's business (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>)).

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