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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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CIRD42035 - Intangible assets: company reorganisations: transfer of UK trade between EU residents: further conditions

As mentioned in [CIRD42030](#) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird42030>), there are three further conditions to be satisfied before tax-neutral treatment under CTA09/PART8/S819 is due:

- A claim for the tax-neutral treatment has to be made by both transferor and transferee

company;

- The intangible assets transferred must be chargeable intangible assets ([CIRD20035 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20035\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20035)) immediately before and after the transfer in the hands of the respective companies; AND
- The transfer must be undertaken for bona fide commercial reasons, and must not form part of a scheme or arrangements where the main purpose, or one of the main purposes, is avoidance of liability to Corporation Tax, Capital Gains Tax or Income Tax - see points to note below.

Commercial purpose test - points to note

- There is a provision for companies to seek advance clearance that the third condition above (the commercial purpose test) is satisfied. The Clearance and Counteraction Team deals with all statutory clearance applications and the procedure is described in [CIRD42100 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird42100\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird42100).
- Where a company submits tax computations on the basis that tax-neutral treatment under S819 is available and there is no record of a clearance application, HMRC officers should contact the Clearance and Counteraction Team at [This content has been withheld because of exemptions in the Freedom of Information Act 2000 \(http://mailto:5899750@internal.hmrc.gov.uk\)](http://mailto:5899750@internal.hmrc.gov.uk).

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