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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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[Back to contents](#) > [CIRD10000](#) > [CIRD25100](#)

CIRD25110 - Intangible assets excluded from CTA09/PART8 as special tax rules apply: except as regards royalties: overview

CTA09/PART8/S810-813 and S902

As explained in [CIRD10110](#)
(<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird10110>) the principal effects of CTA09/PART8 are:

- to do away with the exclusion of capital matters relating to goodwill and intangible assets from computations of income,
- to take into account for tax purposes sums recognised in a company's accounts as they are taken to the profit and loss account.

Both incoming and outgoing royalties of a company, however, are already revenue items. The impact of CTA09/PART8 on royalties, therefore, is at most a matter of timing (see [CIRD11700 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11700\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11700)). The limited effect of CTA09/PART8 therefore makes it possible to bring into CTA09/PART8 royalties in respect of assets otherwise outside CTA09/PART8. The assets may be outside CTA09/PART8 because they fail the time test (see CIRD11700) or because they are excluded by S810-813 or S902.

The exclusions in these sections are as follows:

- S902: assets held for the purpose of a life assurance business ([CIRD25115 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird25115\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird25115));
- S810: assets held for the purpose of a mutual trade or business other than life assurance ([CIRD25120 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird25120\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird25120));
- S811 and S812: certain master versions of films or sound recordings ([CIRD25130 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird25130\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird25130)); and
- S813: computer software treated as part of the cost of the associated hardware ([CIRD25140 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird25140\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird25140)).

← **Previous page**
(/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird25105)

→ **Next page**
(/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird25115)



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