

Beta This part of GOV.UK is being rebuilt – [find out what beta means \(/help/beta\)](#)

HMRC internal manual

Corporate Intangibles Research and Development Manual

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

Published 11 March 2016

Updated: 10 September 2025 - [See all updates](#)

[Back to contents](#) > [CIRD10000](#) > [CIRD45000](#)

CIRD45035 - Intangible assets: related party rules: market value rule: transfers where CGT gifts hold-over relief is claimed

CTA09/PART8/S849

Where CGT gifts hold-over relief is claimed on an intangible asset gifted to a related party company, section 849 ensures that the company's acquisition cost for the purposes of Part 8 is the

market value less the amount of the held-over gain.

The market value rule is modified where:

- an intangible asset is transferred to the company, and
- a claim is made under TCGA92/S165 which reduces the amount of any chargeable gain which would otherwise accrue for CGT purposes on the transferor.

Consequences

Where this exception applies, section 849 (2) provides that the transfer is treated for the purposes of Schedule 29 as being at market value less the amount of the reduction claimed under TCGA92/S165.

Section 849 (3) permits any adjustments required by way of assessment, amendment of returns or otherwise to be made, notwithstanding any time limit that may otherwise have passed for making such adjustments or amendments.

Example: A shareholder transfers a patent he owns personally into the company's ownership for no consideration when it has a value of £50,000. A gift relief claim is made reducing to nil the chargeable gain of £20,000 that would otherwise arise (TCGA92/S165 (4)(a)).

Section 849 (2) applies and so for the purposes of Part 8 the transfer is treated as being at market value (£50,000) less the amount of the reduction (£20,000), that is. £30,000. The amount of expenditure on the asset that is recognised for the purposes of Part 8 is £30,000. If the asset was sold for its market value of £50,000, a credit of £20,000 would arise under CTA09/PART8/S736, bringing into charge the amount of held over gain. If the asset had been amortised before sale the computation would be in accordance with CTA09/PART8/S735, so the deferred gain would still be recovered.

Effective date

This exception to the market value rule applies for transfers made on or after 16 March 2005 (CTA09/SCH2/PARA100 (7)).

For transfers prior to this date the market value rule will apply to all purposes of the Taxes Acts. This means, taking the example above, that the asset would be regarded for the purposes of Part 8 as having a value of £50,000. Thus, debits for amortisation on the full £50,000 value (that is including the held over gain of £20,000) could be claimed, and the held over gain would not be taxed upon disposal of the asset.

← Previous page

(/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45033)

→ Next page

(/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45040)



OGL

All content is available under the [Open Government Licence v3.0](#), except where otherwise stated



© Crown copyright