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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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CIRD40590 - Intangible assets: groups: degrouping: exclusion of exempt distributions

CTA09/PART8/S787

Demergers

In broad terms there is a demerger where trading activities carried on by a single company or group of companies are divided so as to be carried on by two or more independent companies or groups.

There are special tax rules for demergers that fall within the scope of CTA10/S1075 (see CTM17200 onwards).

Exception from degrouping

CTA09/S787 disapplies the degrouping adjustment in CTA09/S780 and CTA09/S785, where a company ceases to be a member of a group by reason only of an exempt distribution within CTA10/S1075.

Reinstatement of degrouping adjustment

If, within five years of making the exempt distribution, there is a 'chargeable payment' then CTA09/S780 and CTA09/S785 do have effect. Because of the uncertainty as to whether or not returns will have become final, enquiries can still be opened etc. CTA09/S787(3) permits all such necessary adjustments by way of assessment, amendment of returns, or otherwise to be made to reinstate the effects of CTA09/S780 and CTA09/S785.

For the meaning of 'chargeable payment' in this context see CTM17290.

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