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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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CIRD10190 - Intangible assets: introduction: groups of companies

The intangible asset regime incorporates various rules that modify the regime for groups of companies. These are dealt with at [CIRD40000](#) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40000>) onwards. They are similar in concept to, and are broadly modelled on, the CG regime for groups.

Definition of group

A group member, for intangible asset purposes, has to be both part of a sequence of at least 75% subsidiaries of the principal company, and, in terms of effective control, must be at least a 51% subsidiary of the principal company of the group.

An example of how this test works is at

[CIRD40035 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40035\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40035).

Intra group transfers are usually tax-neutral

The most important rule affecting groups is that transfers of intangible assets between group members are usually on a 'tax-neutral basis'. So if group member A acquires an intangible asset from group member B, there is no immediate gain or loss calculation for tax purposes, and instead group member A 'inherits' the tax position of group member B with regard to the asset. A will be treated as having acquired the asset for the same cost as B did, and as having amortised it to the same extent. The tax neutral rule does not apply to transfers involving group members outside the corporation tax net.

Degrouping rules

Because transfers within a group may have taken place on a tax neutral basis there are various rules designed to trigger an intangible asset degrouping adjustment when a company which has been a recipient of a group transfer leaves the group.

These arrangements are similar to the provisions for triggering a CG computation. They are dealt with at [CIRD40500 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40500\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40500) onwards.

Reinvestment relief

As mentioned above at [CIRD10170 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird10170\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird10170)

[manual/cird10170](#)), the rules for reinvestment relief are modified where groups of companies are involved.

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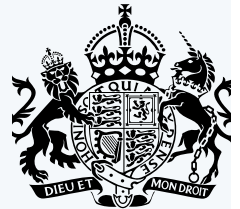
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