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Corporate Intangibles Research and Development Manual

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CIRD20205 - Reinvestment relief: computation: introduction

CTA09/S758-S759

General

Reinvestment relief consists of an amount that is deducted both from:

- the net proceeds of realisation of an intangible asset within CTA09/PART8 (a 'chargeable intangible asset' - see [CIRD20035](#))

<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20035>); or

- the net disposal proceeds of goodwill or an intangible asset which is an 'pre-FA 2002 asset' ([CIRD20060](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20060) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20060>)); and
- capitalised expenditure on replacement chargeable intangible assets ([CIRD20105](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20105) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20105>)).

By reducing the expenditure on the replacement assets taken into account under CTA09/PART8 the deductible debits, calculated by reference to that expenditure, are also automatically reduced. The debits reduced may be in respect of sums:

- written off those assets by way of amortisation or impairment or fixed rate (4%) deductions ([CIRD12700](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12700) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12700>)), or
- taken into account in calculating the taxable credit or deductible debit on the realisation of those assets ([CIRD13210](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird13210) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird13210>)).

Asset realised is a chargeable intangible asset within CTA09/PART8

1. Where the net proceeds of realisation are fully reinvested the amount of the relief is the excess of those proceeds over the cost of the realised asset recognised for tax purposes. Since that cost is before making any deductions for sums written off those assets by way of amortisation or impairment the effect is to ensure that reinvestment relief is not given for that part of the taxable credit on the realisation that represents the recovery of amortisation and

impairment deductions. See [CIRD20210](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20210) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20210>).

2. Where the net proceeds are not fully reinvested the relief is restricted accordingly. It is the excess of the amount reinvested in replacement assets over the cost of the realised asset recognised for tax purposes. See [CIRD20220](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20220) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20220>). If there is no such excess then no relief is available.
3. On a part realisation of an asset the relief is the excess of the net proceeds of realisation (or, in a case within 2. above, the amount reinvested in replacement assets) over that proportion of the cost of the asset attributable to the part realised. See [CIRD20230](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20230) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20230>).

CG disposals of goodwill and intangible assets

1. Where the net disposal proceeds are fully reinvested the relief will be equal to the chargeable gain on the disposal.
2. Where the net disposal proceeds are not fully reinvested but the amount not reinvested is less than the chargeable gain, partial relief will be available, as it is for CG roll-over relief. See [CIRD20240](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20240) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20240>).

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