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Corporate Intangibles Research and Development Manual

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CIRD44055 - Intangible assets: Restrictions for goodwill and relevant assets: introduction to FA19 rules FA19/S25

Background to the FA19 changes

The Government announced in the 2017 Budget that it would consult on reforming the intangible fixed asset regime and in the 2018 Budget that it was introducing a targeted relief for relevant

assets from April 2019. The FA19 policy focuses on relevant assets acquired on the acquisition of a business with qualifying intellectual property (IP).

The main policy design elements for allowing debit relief in respect of goodwill and relevant assets are:

- Relief for the cost of post-FA 2019 relevant assets is given at a fixed rate of 6.5% per annum under CTA09/PART8/CHAPTER3 under the same mechanism that applies to fixed rate elections under CTA09/S730.
- For acquisitions, relief is limited to a maximum of 6 times the cost of any qualifying IP acquired with the business. Where the cost of the relevant assets acquired is less than 6 times the cost of qualifying IP no restriction is applied.
- No amortisation or fixed rate debit relief under Chapter 3 and no debits allowed under Chapter 15 where relevant assets are not acquired with qualifying IP, or not acquired with a business.
- A restriction in relation to post-FA 2019 relevant assets for related party incorporations similar to that previously provided by CTA09/S849B.
- Where relief is not provided under Chapters 3 or 15 relief will be provided under Chapter 4 on a realisation (see CIRD44092 onwards).
- The effect of the CTA09/S816A restrictions is preserved for relevant chargeable intangible assets acquired or created between 8 July 2015 and 31 March 2019.

See [CIRD44060 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird44060\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird44060) for a list of the qualifying IP and for the definition of “relevant assets”.

Points to note

The FA19 rules only apply to relevant assets acquired or created on or after 1 April 2019. For acquisitions of relevant assets before 1 April 2019 the following rules will apply:

- For acquisitions that took place before 3 December 2014 amortisation etc. relief continues to be available after 3 December 2014
- Related party acquisitions from individuals and firms, including related party incorporations of related party businesses will not be entitled to amortisation etc. relief for relevant assets transferred between 3 December 2014 and 7 July 2015.
- Acquisitions that took place between 8 July 2015 and 31 March 2019, will not be entitled to amortisation etc. relief in respect of relevant assets, including acquisitions from non-related parties

Tax-neutral transfers of assets subject to these earlier rules that occur on or after 1 April 2019 will not change the treatment of those assets. They will continue to be subject to the rules and restrictions that applied to them before the tax neutral transfer.

The new rules do not affect relief for acquisitions of other types of intangible fixed assets that are not relevant assets.

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