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HMRC internal manual

Corporate Intangibles Research and Development Manual

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

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CIRD12660 - Core computational rules: deductible debits: general matters and adjustments for tax purposes: deferral of deduction: payment of royalties to related party delayed

CTA09/PART8/S851

This rule applies where a royalty:

- is payable by a company to or for the benefit of a 'related party' (see [CIRD45105](#))

<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45105>) onwards)

- is not paid within twelve months of the end of the period of account in which it is charged against profits
- is not at some time fully brought into account under Part 8 by the recipient

In those circumstances the royalty only counts as a deductible debit when it is actually paid. See [CIRD11710 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11710\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11710) for the definition of royalties.

This rule is modelled on the similar provision in the loan relationships rules (CTA09/PART8/S373) concerned with late paid interest (see CFM35810).

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