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## HMRC internal manual

# Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)  
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## CIRD20060 - Reinvestment relief: general matters and conditions to be satisfied: on realisation: proceeds test CTA09/S755(2)

### 1) Asset realised is a chargeable intangible asset within CTA09/PART8

The net proceeds from the realisation of the old asset must exceed its cost recognised for tax purposes. That is before tax deductions for sums

written off the asset - see [CIRD12720](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12720) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12720>). The purpose of this requirement is to prevent a taxable credit from being rolled over to the extent it represents the recovery of deductible debits for sums written off the asset under the rules described in [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>) onwards.

The net proceeds of realisation of the asset are the proceeds recognised for accounting purposes less the incidental costs of realisation. See [CIRD13240](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird13240) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird13240>).

Those proceeds will always exceed the cost of the asset on the realisation of assets, such as internally generated goodwill, which have no cost for tax purposes.

On a part realisation of an asset, or on the realisation of what is left of an asset following an earlier part realisation, the proceeds only need to exceed a part of the cost of the asset.

See [CIRD20035](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20035) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20035>) for the definition of a chargeable intangible asset.

## **2) Disposal of existing asset results in a CG disposal**

Where the asset is within the CG regime (see [CIRD20050](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20050) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20050>)) the proceeds test is adapted as follows:

1. for the net proceeds of realisation take the amount or value of the consideration for the disposal (CG14480) minus the incidental costs

of making the disposal which are deductible for CG purposes (CG15250); and

2. for the cost of the asset recognised for tax purposes (first sub-paragraph above), take the difference between the figure in (a) above and the chargeable gain on the disposal.

## Other guidance

See [CIRD20070 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20070\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20070) for cases where there is no actual realisation or disposal of an asset but where such a transaction is regarded as taking place for CT purposes.

See [CIRD20080 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20080\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20080) for the exclusion from reinvestment relief of taxable credits on the part realisation of chargeable intangible assets where the acquirer is a related party.

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