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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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CIRD12560 - Core computational rules: deductible debits: general matters and adjustments for tax purposes: accounting losses in respect of the reversal of previous accounting gains

CTA09/PART8/S732

General rule

Exceptionally, a company may recognise an 'accounting loss' for a period of account which reverses some or all of an 'accounting gain' recognised in a previous period. (See [CIRD12210](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12210) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12210>) for an explanation of these expressions). Where the accounting gain gave rise, in whole or in part, to a taxable credit under CTA09/PART8 (see [CIRD13000](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird13000) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird13000>) onwards) S732 provides that the accounting loss gives rise to a corresponding deductible debit.

Where the earlier taxable credit was the same as the accounting gain then the deductible debit will be the same as the accounting loss.

Earlier taxable credit different from accounting gain

Where the taxable credit was different from the earlier accounting gain, the deductible debit to be recognised is the accounting loss adjusted in the ratio which the earlier credit bears to the earlier accounting gain.

For example, if the earlier accounting gain was £100 but the taxable credit was only £80 and half that gain was reversed in the current period (giving an accounting loss of £50), then the allowable debit would be £40; that is $\text{£80} / \text{£100} \times \text{£50}$.

Write-off of revaluation surpluses

This provision does not apply to amortisation or impairment losses that could otherwise be regarded as the reversal of the uplift on the revaluation of an asset. See [CIRD12790](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12790) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12790>) for the treatment of such losses.

Reversal of earlier losses

See [CIRD13090 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird13090\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird13090) for the (complementary) treatment of accounting gains that reverse earlier accounting losses.

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