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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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## CIRD44086 - Intangible assets: Restrictions for goodwill and relevant assets: Partial restriction in relation to qualifying IP assets

### CTA09/S879M

As explained at [CIRD44080](#)  
(<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird44080>), a full restriction applies where no business or no qualifying IP is acquired. This

page explains when to apply a partial restriction when a business with qualifying IP is acquired. Broadly this partial restriction operates when the cost of the relevant assets acquired exceeds 6 times the cost of the qualifying IP.

CTA09/S879M applies where:

- The company acquires relevant assets on or after 1 April 2019,
- They are acquired as part of the acquisition of a business,
- That business acquisition includes qualifying IP assets that are to be used on a continuing basis in the course of the business, and
- The cost of the relevant assets exceeds 6 times the cost of the qualifying IP

CTA09/S879M is not relevant where the full restriction applies because the relevant assets are either

- Pre-FA2019 assets, or
- Acquired from a related individual or firm (subject to the third party acquisition condition).

For more information on the full restriction rules see [CIRD44075 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird44075\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird44075) and [CIRD44083 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird44083\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird44083).

Whether the 6 times limit is exceeded is determined by the formula in CTA09/S879M(3). This compares the expenditure on the acquisition of the relevant asset, or assets, with N times the expenditure on the acquisition of qualifying IP.

The multiple N is 6, but this can be varied by future regulations.

The expenditure includes both capitalised and non capitalised costs, subject to any adjustment

required by CTA09/PART8 or TIOPA2010/PART4.

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