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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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# CIRD40545 - Intangible assets: groups: degrouping: when is there a relevant connection between groups?

## CTA09/PART8/S783

### Introduction

S783 only applies in situations where there is a 'relevant connection' between the first and second groups referred to in [CIRD40540](#)  
(<https://www.gov.uk/hmrc-internal-manuals/corporate->

[intangibles-research-and-development-manual/cird40540](#)).

S784 contains the rules for establishing whether such a connection exists for these purposes. This involves looking at who controls the principal company of the second group when the company in question (the 'chargeable company') leaves that group.

The rules are modelled on provisions designed to counter complex arrangements designed to avoid a degrouping charge under the CG provisions.

## Relevant connection

There is a relevant connection between two groups if, when the chargeable company ceases to be a member of the second group, the principal company of the second group is under the control of any person or persons within cases 1, 2, 3 or 4 below.

## Cases

1. The company which is the principal company of the first group.
2. If the first group no longer exists, the company which was the principal company of the first group when the chargeable company left it,
3. Any person or persons who control the company referred to in 1 or 2, or who have had that company under their control at any time since the chargeable company ceased to be a member of the first group, or
4. Any person or persons who have, at any time in the period since the chargeable company ceased to be a member of the first group, had under their control:

either

- a company which would have been a person within 3 above if it had continued to exist,

or

- a company which, if it had continued to exist, would have been a person falling within this case 4 whether:
- by virtue of controlling a company that would have fallen within case 3; or
- by virtue of controlling a company or series of companies falling within case 4.

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