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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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CIRD47030 - Intangible assets: international issues: company ceases to be resident in UK or asset ceases to be used in UK trade carried on through a permanent establishment in the UK CTA09/S859

Circumstances where provision applies

The first is where:

- a company ceases to be resident in the UK (on or after 1 April 2002),
- it holds goodwill or an intangible asset which was a 'chargeable intangible asset' immediately beforehand,
- that asset ceases to be a 'chargeable intangible asset' as a result.

The second is where:

- a company which is not resident in the UK holds goodwill or an intangible asset for the purposes of a trade it carries on through a permanent establishment in the UK,
- that asset is a 'chargeable intangible asset' in its hands at any time,
- immediately after that time the asset ceases to be a chargeable intangible asset (other than by being realised) - normally because it stops being used for the purposes of the UK trade carried on through a permanent establishment in the UK.

An asset is a 'chargeable intangible asset' at any time if a gain on its disposal gives rise to a taxable credit under the rules described in [CIRD13210](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird13210) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird13210>) onwards, 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>).

Treatment

For the purposes of CTA09/PART8 the company is regarded as:

- realising the asset and reacquiring it immediately before the asset leaves the UK tax,
- doing so for at its market value (see [CIRD45030](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45030) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45030>)) at the time.

In some circumstances it is possible for a company that becomes non-resident to defer the resulting taxable credit, see [CIRD47040 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird47040\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird47040).

There is no equivalent deferral where the credit arises in the second of the circumstances described above (where the asset ceases to be used for the purposes of a trade carried on by a non-resident company through a UK permanent establishment).

Where valuation of intangible assets is an issue see [CIRD10240 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird10240\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird10240).

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