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Corporate Intangibles Research and Development Manual

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CIRD13510 - Core computational rules: CT computation: general
CTA09/PART8 CHAPTER 6

Approach

The earlier part of the core computational rules section of this Manual (CIRD12000 (https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12000) to CIRD13270) describes how to arrive at the taxable credits and deductible debits

arising from intangible assets. It is then necessary to bring these items into a company's CT computation. The legislation describing how this is done is in CTA09/PART8/S745-753.

All debits and credits are brought to account as revenue, rather than capital, matters. But beyond that there are different rules as to how the credits and debits enter the computation, depending on whether the intangible assets are held:

- for the purposes of a trade (or of a property business and of other activities with the same computational rules as trades), (see CIRD13520 (https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird13520))

- for other purposes (such as for investment purposes other than those of a property business), (see CIRD13530 (https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird13530))

Note that intangible assets not held for business or commercial purposes at all (and therefore the debits and credits arising from those assets) are excluded from the scope of Part 8 altogether, as explained in CIRD25070 (https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird25070).

Apportionment

The debits and credits identified under the rules described in CIRD12000 to CIRD13270 may need to be adjusted in two types of circumstances:

1. Where an intangible asset is held for the purposes of more than one of the activities mentioned above, debits and credits should be apportioned on a just and reasonable basis, normally by reference to the relative use to which the asset is put in the different activities.

2. The debits and credits identified under CIRD12000 to CIRD13270 will be those for the period for which a company draws up its accounts. This period may be different from its CT accounting period to which debits and credits need to be allocated under Chapter 6 of Part 8, most often because it is longer than twelve months. Subject to the exception mentioned at the end of CIRD13530 (anti-avoidance rules on change of ownership of company), there are no special rules for how the allocation should be made. So the general rules for CT in CTA10/S1172 apply (whereby adjustments are made, if necessary, on a time basis), see CTM01405.

Life assurance companies

These are subject to their own taxation regime, which means special rules are necessary to adapt the intangibles regime to their circumstances (CIRD13560 (https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird13560)).

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