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Corporate Intangibles Research and Development Manual

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CIRD10170 - Intangible assets: introduction: reinvestment relief

The corporate intangible assets regime incorporates a reinvestment relief where the proceeds from the realisation of intangible assets are reinvested in similar assets. It is a type of roll-over relief. The rules are covered at [CIRD20000 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20000\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20000) onwards.

The relief works by deducting the gain from the realisation proceeds of the old assets, and from

the acquisition cost (for tax purposes) of the new assets. Thus there is no immediate tax charge on the element of the gain that is rolled over, the sum available for future amortisation is reduced and the relief is recovered over the useful life of the replacement asset.

It should be noted there has to be a realisation (or part realisation) of the old assets for the gain to be eligible for the reinvestment relief. Realisation is covered at [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. Receipts arising from exploitation of intangible assets, in ways that do not amount to a realisation, are within the regime, but are not eligible for reinvestment relief. Similarly, the expenditure on the replacement intangible assets has to be capitalised in the accounts.

In the example at [CIRD10116 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird10116\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird10116) only £20,000 of the £40,000 accounts gain would be available for reinvestment relief. That is because reinvestment relief is not available in respect of that part of the taxable gains which reverses the past deductions for sums written off the asset. In other words, reinvestment relief can only be given for that part of the profit on realisation of an asset representing the excess of the proceeds over the original cost of the asset recognised for tax purposes.

In the same way as for the CG roll-over relief that it replaces, the intangible assets reinvestment relief incorporates time limits for acquiring the replacement assets - which have to be acquired from one year before to three years after the date of realisation of the old asset.

Groups and reinvestment relief

There are refinements to the reinvestment relief regime for groups of companies. These are dealt with in [CIRD20400 \(https://www.gov.uk/hmrc-internal-](https://www.gov.uk/hmrc-internal-)

[manuals/corporate-intangibles-research-and-development-manual/cird20400](#)) onwards. A group member may potentially roll over its gain on disposal against qualifying assets acquired by another group member or against qualifying assets held by a newly acquired subsidiary. There is no equivalent in the CG roll-over field to the reinvestment relief available against the assets held by a newly acquired subsidiary.

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