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HMRC internal manual

Corporate Intangibles Research and Development Manual

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CIRD13210 - Core computational rules: realisation of assets: introduction

CTA09/PART8 CHAPTER 4

Profits and losses on the realisation of assets are brought to account under the rules in the list below, even though the profits and losses would normally be of a capital nature on general tax principles.

Receipts and deduction in respect of intangible assets will sometimes be capable of falling both within the rules in Chapters 2 and 3 of Part 8

(described in [CIRD12500 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12500\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12500) onwards) and the realisation rules. In such cases the realisation rules take priority. The point is important because reinvestment relief ([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) is only available for profits arising under the realisation rules.

In outline:

- in determining whether there has been a realisation of an asset accounting practice is followed (see [CIRD13230 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird13230\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird13230))
- the proceeds of realisation are those recognised for accounting purposes less the incidental costs of realisation (see [CIRD13240 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird13240\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird13240))
- where there is the complete realisation of an asset any deductible capitalised expenditure on the asset, which has not so far been relieved, is set against the realisation proceeds to arrive at the taxable credit or deductible debit (see [CIRD13250 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird13250\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird13250))
- an apportioned part of that expenditure is deducted where there is only a part realisation of an asset ([CIRD13260 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird13260\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird13260))

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