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HMRC internal manual

Corporate Intangibles Research and Development Manual

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CIRD11740 - Intangible assets within CTA09/PART8: FA02 rule exceptions: assets already within income regime: certain telecommunications assets CTA09/PART8/S897

Introduction

FA00/SCH23 (now ITTOIA/PART2/CHAPTER10)
introduced a tax regime for certain
telecommunications assets as defined in that

legislation, that is in outline some wireless telegraphy licences and IRUs. See [CIRD70110 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird70110\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird70110).

A licence or right within ITTOIA/PART2 falls within the definition of an intangible fixed asset for the purposes of CTA09/PART8 (see [CIRD11100 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11100\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11100) onwards). Furthermore, the computational rules in ITTOIA/PART2 (bringing the assets into an accounts-based income regime) are essentially similar to those in CTA09/PART8.

Treatment

S897 therefore provides that CTA09/PART8 applies:

- to assets within ITTOIA/PART2 even though they fail the general conditions of the FA02 rule (normally because they were held by the company prior to 1 April 2002);
- for accounting periods ending on or after 1 April 2002 (including that part of the first accounting period to which CTA09/PART8 applies which is before 1 April 2002) and subsequent periods.

Amounts brought to account for tax under ITTOIA/PART2 for earlier periods, for example in respect of the amortisation of ITTOIA/PART2 assets, are treated as having been brought into account under CTA09/PART8. See also [CIRD70705 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird70705\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird70705).

Assets excluded

ITTOIA/PART2, and therefore CTA09/PART8, does not apply to:

- IRUs acquired by the company in question before 21 March 2000;
- IRUs acquired afterwards but acquired (directly or indirectly) from an associated company that acquired the asset before that date.

See [CIRD70600 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird70600\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird70600).

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