HMRC internal manual

Corporate Intangibles Research and Development Manual

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CIRD10110 - Intangible assets: introduction: overview of CTA09/PART8 tax rules

Outline of practical effect

Sums written off assets within the scope of CTA09/PART8 in a company’s accounts are deductible for CT as income not capital items, subject sometimes to adjustment.

All receipts from those assets, including those that are capital apart from these rules, are similarly revenue items.

The regime has a reinvestment relief that is available where the proceeds from the sale of goodwill or other intangible assets are reinvested in assets within the regime. Gains on intangible assets subject to CG treatment sold after 31 March 2002 can attract this relief in addition to gains on assets within the regime.

Commencement

The full effect of the CTA09 regime is mitigated in its early years by its commencement provisions. For acquisitions before 1 July 2020, only assets acquired from unrelated parties or created on or after 1 April 2002 come within the regime. Other intangible assets and goodwill are 'grand-fathered'. So, for example, sales of companies' 'pre-FA 2002' assets are taxed under the rules that would have applied if CTA09/PART8 had not been enacted, with the exception that roll over relief within the CG regime ceases to be available for grand-fathered assets, subject to limited transitional arrangements (CIRD10175 (https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird10175)). But royalties in respect of intangible assets may be within the corporate intangible assets regime irrespective of whether the asset to which they relate is within the regime.

The commencement rule was amended by FA20/S31 which is effective for acquisitions on or after 1 July 2020 (see CIRD11500 onwards).

Legislative approach

CTA09/PART8 sets out a comprehensive set of rules to apply to all transactions in goodwill and intangible fixed assets within its scope for the purposes of corporation tax. Except where specifically stated otherwise, the regime overrides general computational rules, such as those in

CTA09/PART3/CHAPTER4, and also takes precedence over other corporation tax legislation.

The necessary rules from other parts of the Taxes Acts (most often CGT legislation) are mostly rewritten with whatever adaptations are necessary, rather than applied by cross-reference.

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