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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
([/government/organisations/hm-revenue-customs](#))

Published 11 March 2016

Updated: 10 September 2025 - [See all updates](#)

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CIRD40300 - Intangible assets: groups: tax-neutral transfers: effect CTA09/PART8/S776

Where a transfer is to be treated as one on ‘tax-neutral’ terms, the transfer is regarded for this purpose as not involving any realisation of the asset by the transferor, nor any acquisition by the transferee.

There is then a ‘stand in shoes’ approach such that the transferee is treated as having held the asset throughout, and having done all the things in

relation to the asset as were in fact done by the transferor.

In particular, this means

- the transferee inherits the transferor's tax cost for the asset (see [CIRD12720](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12720) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12720>)), and
- all such debits and credits as have been brought into account under CTA09/PART8 by the transferor are treated for this purpose as though they had been brought into account by the transferee, and
- the asset continues to be treated in the hands of the transferee as it was in the hands of the transferor. For instance, the goodwill restriction in s816A will not take effect even though the transfer took place after 8 July 2015 unless that restriction already applied to the transferor.

Note

A 'tax-neutral' transfer is therefore a different mechanism to a No Gain/No Loss transfer. Although both are commonly referred to as 'tax-free' transfers they should not be confused with one another.

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