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HMRC internal manual

Corporate Intangibles Research and Development Manual

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

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[Back to contents](#) > [CIRD10000](#) > [CIRD40500](#)

CIRD40730 - Intangible assets: groups: degrouping: unpaid degrouping charge: recovery from others: definitions

Degrouping charge

For the purposes of the alternative recovery provisions, a degrouping charge is defined as:

- a net taxable credit brought into account on degrouping as set out in [CIRD40520](#)
(<https://www.gov.uk/hmrc-internal-manuals/corporate->

[intangibles-research-and-development-manual/cird40520](#)), or

- a taxable credit on the deemed realisation of an asset reallocated on the election described in [CIRD40705 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40705\)](#).

Relevant time

The 'relevant time' in the case of company X reallocating a taxable credit on degrouping to company Y is:

- for a case within CTA09/S780 ([CIRD40510 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40510\)](#)), the time when company X ceases to be a member of the group; and
- for a case within CTA09/S785 ([CIRD40550 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40550\)](#)), the time when X ceases to satisfy the qualifying condition,
- if there has been an election for reallocation of a degrouping charge, then the time that would apply under the two bullet points above, assuming that the election had not been made.

Tax on the degrouping charge

This is arrived at by comparing the CT payable for the period with the amount that would have been payable if the degrouping charge had not been made.

Other definitions

For the purposes of CTA09/S795:

- 'director' in relation to a company has the meaning given by ITEPA02/S67(1) read in conjunction with S67(2);

- ‘controlling director’ in relation to a company means a director of the company who has control of it (in accordance with CTA10/S449 and S450, formerly ICTA88/S416(2) to (6))
- ‘group and ‘principal company’ have the meaning given in CTA09/PART8/CHAPTER8 (see [CIRD40030 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40030\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40030) onwards) except that references to a ‘75% subsidiary’ are replaced by references to a ‘51% subsidiary’).

← **Previous page**

(/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40720)

→ **Next page**

(/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40740)



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