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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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CIRD43250 - Intangible assets: disincorporation relief: post-FA 2002 goodwill: effect of disincorporation relief on company: computation: goodwill on balance sheet but not written-down CTA09/Part 8/S849A (3)

Goodwill on balance sheet but not written
down

Where the post-FA 2002 goodwill appears in a company's balance sheet, but has not been subject to such deductions, the taxable credit or deductible debit is normally the difference between the net realisation proceeds and the tax cost of the asset ([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)). (Where there has been an earlier part realisation of the asset (see [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)) the tax cost is reduced by the amount set off against the net proceeds on that earlier realisation.)

Where a claim to disincorporation relief is made in respect of post FA-2002 goodwill the transfer value is adjusted by CTA09/Part 8/S849A (3) to the lower of:

- the cost of the goodwill.
- the market value of the goodwill.

Example

A valid claim to disincorporation relief is made when the cost of the goodwill is £20,000 and the market value is £50,000. The transfer value for the purposes of disincorporation relief is adjusted by CTA09/Part 8/S849A (3) to £20,000 and the taxable credit is nil (£20,000 less cost £20,000).

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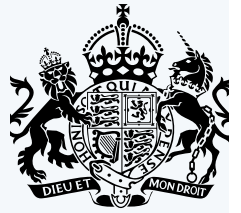
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