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HMRC internal manual

Corporate Intangibles Research and Development Manual

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CIRD40600 - Intangible assets: groups: degrouping: companies not members of same group at time asset transferred

CTA09/PART8/S780(1)(d)

The conditions outlined in [CIRD40520](#) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40520>) do not require the transferor and transferee company to have been members of the same group at the time of the transfer. It is

sufficient that they became members subsequently.

As a result, the degrouping rules can in principle apply to cases where the transfer of the asset did not take place on tax-neutral terms. Instead:

1. the transfer may have been one between related parties ([CIRD45105](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45105) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45105>) onwards) and the market value rule described in [CIRD45030](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45030) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45030>) applied to the transaction; or
2. the transfer may have been one between unrelated parties acting at arm's length and therefore one where the actual consideration paid was adopted for CTA09/PART8 purposes; or
3. the transaction may have been one which came within the business reorganisation provisions described in [CIRD42000](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird42000) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird42000>) onwards where the transfer was regarded as tax- neutral under those rules (rather than under CTA09/S775).

Cases within 1

The degrouping calculation will not lead to any adjustment since the transferee company will be deemed to have realised the asset and reacquired it at the price already deemed to have been paid for it for the purposes of CTA09/PART8, namely market value.

Cases within 2

If, as one would expect, the price agreed between the parties was market value then the consequences are as for cases within 1. It is in theory possible that the price was not market

value but in practice that is highly unlikely. In the absence of exceptional circumstances you should accept that such transactions have taken place at market value.

Cases within 3

These cases are on all fours with those where the transfer was given tax-neutral treatment under the group rules.

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