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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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CIRD20440 - Reinvestment relief: groups of companies: expenditure on shares of company which becomes group member: examples

CTA09/PART8/S778

The examples below illustrate the interaction of:

- the rule that the deemed expenditure on the acquisition of new assets is the lesser of the cost of the shares and the tax written down value of the ‘underlying’ assets (see [CIRD20430](#))

(<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20430>),

- the general computational rules for reinvestment relief in [CIRD20200](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20200) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20200>) onwards.

I Tax value

old asset I Original

cost old

asset I Proceeds

old asset I Cost of

shares I Tax value

underlying

assets I Relief I Note I | — — — — — |

— — — — — | — — — — — |

— — — — — | — — — — — | — — — — — |

— — | I £80 I £100 I £150 I £200 I £90 I None I (1) I

I £80 I £100 I £150 I £200 I £180 I £50 I (2) I I £80 I

£100 I £150 I £200 I £140 I £40 I (3) I I £80 I £100 I

£150 I £140 I £200 I £40 I (4) I I £80 I £100 I £150 I

£130 I £140 I £30 I (5) I

Notes

1. Tax value of underlying assets less than original cost of old asset - see [CIRD20220](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20220) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20220>).
2. Tax value of underlying assets and cost of shares exceed realisation proceeds; all profit over original cost rolled over - see [CIRD20210](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20210) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20210>).
3. Tax value of underlying assets less than realisation proceeds of old asset; not all proceeds reinvested; profit to be rolled over restricted to the excess of that tax value over the cost of the old asset - see CIRD20220.
4. Cost of shares less than realisation proceeds and tax value of underlying assets (which

exceeds the proceeds); relief restricted as if the cost of the shares is equal to the tax value of the underlying assets - see [CIRD20430](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20430) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20430>).

5. As (d) but tax value of underlying assets does not exceed the realisation proceeds; relief again restricted as if the cost of shares is the tax value of the underlying assets - see CIRD20430.

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