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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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CIRD40750 - Intangible assets: groups: degrouping: intra group payments for reinvestment relief and reallocation of taxable credit

CTA09/PART8/S799

Outline

One company may make a payment to another group member as consideration for:

- taking into account expenditure by the latter in a reinvestment relief claim (see [CIRD20400](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20400) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20400>) onwards); or
- for the reallocation of a degrouping charge ([CIRD40705](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40705) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40705>)).

S799 provides that these payments are left out of account for CT so long as they are made in the circumstances described below.

Payments for group reinvestment relief - meaning

A payment for group reinvestment relief means a payment from a company, whose proceeds of realisation are reduced as a result of the claim, to the company whose acquisition costs or tax written down value are reduced in connection with the claim. The claims referred to are those made under S777 (realisation by one group company and reinvestment by another - see [CIRD20410](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20410) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20410>)), or S778 (acquisition of group company - see [CIRD20420](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20420) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20420>)). The payment should be made in pursuance of an agreement between the companies.

Payments for reallocation of a taxable credit on degrouping - meaning

A payment for the reallocation of a taxable credit on degrouping (as provided for in S792 - see [CIRD40705](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40705) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40705>)) means a payment from the company to which the credit initially arises to the company to which, as a result of a joint election, the credit is reallocated. The

payment should be made in pursuance of an agreement between the companies.

Payments for relief or reallocation - treatment

A payment as referred to above:

- does not affect the profits or losses of either company for CT purposes; and
- is not regarded as a distribution or a charge on income for CT purposes,

as long as it does not exceed 'the amount of the relief' (see below).

Amount of the relief

The amount of the relief is:

- for the purposes of S777 - the amount of the reduction in the acquisition costs in respect of the gain rolled over,
- for the purposes of S778 - the amount of the reduction in the tax written down value of the assets in respect of the rolled over gain,
- for the purposes of S792 - the amount treated as accruing to a company as the result of the reallocation election.

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