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HMRC internal manual

Corporate Intangibles Research and Development Manual

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CIRD20470 - Reinvestment relief: groups of companies: relief against reallocated taxable credit on degrouping

CTA09/PART8/S794

This paragraph makes the necessary adaptation to the reinvestment relief rules to enable a company, which elects to take over a taxable credit on degrouping (see [CIRD40705](#) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40705>) onwards), to make a claim to

reinvestment relief. In essence, the company taking over the charge stands in the shoes of the company leaving the group.

The adaptations are:

- the company taking over the taxable credit on degrouping is deemed to have realised the asset in question,
- the conditions relating to the old asset ([CIRD20035 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20035\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20035)) are to be regarded as satisfied if the company on which the charge initially fell had been able to satisfy those conditions in respect of the asset, and
- the proceeds of realisation and the cost of the old asset are as they would have been if there had been no reallocation.

Where the election to reallocate the degrouping gain relates only to part of the gain the provisions of the paragraph apply to a corresponding part of the asset and permits the necessary apportionment to be made.

This provision corresponds to the rule allowing reallocated CG on degrouping to be rolled over (TCGA92/S179A - see CG45418).

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