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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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CIRD70155 - Telecommunications licences and rights: introduction: the legislation: FA00/SCH23

This schedule sets out the rules for the tax treatment of certain licences granted under the Wireless Telegraphy Acts, IRUs and derived rights.

FA00/SCH23/PARA1

This paragraph says that the rules apply to:

- Certain licences granted under the Wireless Telegraphy Acts (see [CIRD70305](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird70305) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird70305>)).
- IRUs (see [CIRD70340](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird70340) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird70340>)).
- Rights derived from the licences or IRUs (see [CIRD70360](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird70360) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird70360>)).

FA00/SCH23/PARA2

This paragraph is the core provision. It tells us that expenditure on the acquisition, and receipts from the disposal, of the rights to which the rules apply will be treated as revenue items for tax purposes if:

- they may be taken into account in determining the profit or loss for accounting purposes,
- this is in accordance with GAAP, and
- this is how they are taken into account in any statutory accounts.

The paragraph also expands on what is meant by acquisition and disposal.

FA00/SCH23/PARA3

This paragraph says how the revaluation of a right should be treated for tax purposes. It tells us that if on revaluation an amount should, in accordance with GAAP, be taken into account for accounting purposes, then it is treated as a revenue item for tax purposes. This is so even if:

- the amount may not be taken into account in determining the profit or loss, or
- the amount is not actually taken into account in any statutory accounts.

The paragraph also says when the amount should be taken into account for tax purposes.

FA00/SCH23/PARA4

This paragraph says that a subsidiary company cannot adopt, for tax purposes, a more cautious approach than that adopted in the consolidated accounts.

FA00/SCH23/PARA5

This paragraph defines ‘normal accounting practice’, ‘statutory accounts’ and ‘for tax purposes’. FA02/S103 replaced the phrase ‘normal accounting practice’ with GAAP, which is defined in ICTA88/S836A.

FA00/SCH23/PARA6

This paragraph says that the rules do not apply to IRUs acquired before 21 March 2000 and contains special rules for IRUs acquired from associates or associated companies.

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