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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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CIRD40220 - Intangible assets: groups: tax-neutral transfers: introduction

CTA09/PART8/S775

This section of the manual describes the rules that apply when one group company transfers goodwill or an intangible asset to another group company. The main features are shown below.

Tax-neutral transfers

For the purposes of CTA09/PART8 transfers of intangible assets between companies that are ‘related parties’ (CIRD45105 (https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45105) onwards) are normally regarded as taking place at market value (CIRD45030 (https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45030)). S775, however, sets out a major exception to this rule. It enables a company to transfer a ‘chargeable intangible asset’ to another member of the same group on a tax-neutral basis.

CIRD40250 (https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40250) identifies the transactions to which tax-neutral treatment applies.

CIRD40300 (https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40300) describes what tax-neutral treatment involves.

CIRD40350 (https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40350) outlines some practical points.

Subsequent ‘degrouping’ adjustments

If a group company transfers an asset on tax-neutral terms, and the recipient company subsequently leaves the group, there may be a deemed realisation that brings back into charge the gain up to the time of the tax-neutral transfer (CIRD40510 (https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40510)).

Other tax-neutral transfers

The transfer of assets between companies that are not in the same group may also attract tax-neutral treatment if the transaction is a part of one of the various types of business reorganisation described in CIRD42000 (https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird42000) onwards.

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