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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
([/government/organisations/hm-revenue-customs](#))

Published 11 March 2016

Updated: 10 September 2025 - [See all updates](#)

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CIRD46010 - Intangible assets: Special rules for restricted assets: introduction

FA20/S31

Introduction

As explained at CIRD11505, the FA02 commencement rule was amended from 1 July 2020 by FA20/S31. The detailed guidance at [CIRD11520 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11520\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11520) explains the old and

new FA02 rule for acquisitions before 1 July 2020, and on or after 1 July 2020. The broad effect of this change is to:

- Preserve existing treatment of assets currently excluded from CTA09/PART8 by the old FA02 rule. For example, pre-FA 2002 assets already held by a company immediately before 1 July 2020 will continue to be excluded from Part 8 by the FA02 rule.
- Amend the FA02 rule for most acquisitions on or after 1 July 2020, including acquisitions from related parties. This is to allow more assets to be brought within CTA09/PART8 when acquired, provided the acquisition was on or after 1 July 2020.
- Amend the FA02 rule in respect of assets held by a company that were not within the charge to corporation tax immediately before 1 July 2020.

Assets excluded by the general rule are still referred to as 'pre-FA 2002 assets'.

The purpose of the special rules in CTA09/PART8/CHAPTER16A is to restrict relief for certain related party acquisitions occurring on or after 1 July 2020. The FA20/S31 changes to the FA02 rules from 1 July 2020 must therefore be read in conjunction with the special rules within Chapter 16A.

This section of the guidance focuses on the operation of the special rules in Chapter 16A which have effect for accounting periods beginning on or after 1 July 2020 (FA20/S31(14)).

Interaction with other rules

The special rules in CTA09/PART8/CHAPTER16A introduce a new class of intangible assets within CTA09. The different classes now include:

- Pre-FA 2002 assets – this definition only applies to intangible fixed assets that do not come

within Part 8 following the application of the rules at CTA09/S882.

- Assets that are excluded from CTA09/PART8 for other reasons, including assets that are excluded by CTA09/PART8/CHAPTER10.
- Restricted assets – those within the special rules in CTA09/PART8/CHAPTER16A.
- Relevant assets – those within the rules in CTA09/PART8/CHAPTER15A
- Unrestricted assets – those within the general rules within Part 8 and not subject to the special rules in Chapter 16A.

The special rules within Chapter 16A operate within the wider rules of CTA09/PART8. You will need to consider carefully how the rules interact. For example, an acquisition of a relevant asset on or after 1 July 2020 could be subject to the rules in Chapter 16A and Chapter 15A.

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