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## HMRC internal manual

# Corporate Intangibles Research and Development Manual

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## CIRD44078 - Intangible assets: Restrictions for goodwill and relevant assets: Pre-FA 2019 relevant assets – the third and fourth cases

### The third case – CTA09/S879F - G

The third case is modelled on the avoidance rule in CTA09/S893 – S894 (see [CIRD48280](#)  
(<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development->

[manual/cird48280](#)). It deals with situations where a relevant asset, such as a licence:

- Is created on or after 29 October 2018,
- Is acquired from a related party on or after 1 April 2019,
- The value of which is derived wholly or partly from another asset,
- And the other asset meets the preserved status condition.

CTA09/S879G(2) and (3) are two tests, both of which must be considered to determine whether the other asset meets the preserved status condition. The preserved status condition essentially considers whether the other asset would be a pre-FA 2019 asset in that other company's hands.

CTA09/S879G(2) contains two conditions, which are similar to the two conditions from the first and second cases. They are:

- The first condition in CTA09/S879G(2)(a) requires that the other asset was acquired or created by a company between 8 July 2015 and 31 March 2019.
- The second condition in CTA09/S879G(2)(b) requires that the other asset was a chargeable intangible asset in the hands of that company at any time between 29 October 2018 and 31 March 2019 when that company was either related to the acquiring company, C, mentioned in CTA09/S879F(1), or related to the transferor as defined in CTA09/S879F(1)(b).

Like the conditions in the second case CTA09/S879G(2) looks at whether the other asset was a pre-FA 2019 asset in the hands of any company, not specifically the transferor.

CTA09/S879G(3) applies if the other asset is a pre-FA 2019 asset in the hands of a company at any time between 1 April 2019 and the time of acquisition mentioned in CTA09/S879F(1)(b) when

either that company is related to the company (C) acquiring the relevant asset or that company and the transferor were related.

The broad effect of the preserved status condition in the third case is to consider what the position would have been if the company, C, had acquired the ‘other asset’ directly from the related party as in the second case, rather than an asset derived from it, such as a licence.

## Example

C acquires a licence in respect relevant asset from a related party Z on 1/5/2019. The other asset held by Z was created on 1 August 2016 and has remained a chargeable intangible asset throughout the time it has been held by Z. The asset held by Z therefore meets the preserved status condition (CTA09/S879G(2)(a) & (b)).

The licence acquired by C is a pre-FA 2019 asset in its hands because it was:

- Created on after 29 October 2018
- Acquired from a related party on or after 1 April 2019, and
- The other asset meets the preserved status condition

## The fourth case – CTA09/S879H

The fourth case is modeled on the avoidance rule in CTA09/S895 (see [CIRD48280](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird48280) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird48280>)). It deals with situations where a company acquires, directly or indirectly, a relevant asset on or after 1 April 2019 from a related person in connection with the disposal of a pre-FA 2019 asset. In effect, where the disposed asset would have remained a pre-FA 2019 asset if had been transferred to the company at the time of the

disposal, then the acquired asset will also be treated as a pre-FA2019 asset.

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