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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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CIRD11690 - Intangible assets within CTA09/PART8: FA02 rule: when asset treated as created or acquired: when expenditure is treated as incurred CTA09/PART8/S887 - 889

For the purposes of CTA09/S883 (assets treated as created or acquired when expenditure incurred) the time when expenditure is incurred is subject to rules within Part 8. When expenditure is treated as incurred under these rules depends largely on

when the expenditure would be regarded as incurred under the corporation tax rules that would have applied before 1 April 2002.

CTA09/S887 - general rule

In cases where the asset does not fall within [CIRD11680](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11680) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11680>) and [CIRD11685](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11685) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11685>) (goodwill and other assets built up out of revenue expenditure), the general rule is that expenditure on the acquisition of an asset is treated as incurred when it is recognised for accountancy purposes. This general rule is subject to CTA09/S888 and S889.

CTA09/S888 - cases where chargeable gains rule applies

When expenditure is treated as incurred may be determined by reference to when the asset would have been acquired for CG purposes (see in particular TCGA92/S28 and CG14250 onwards). Acquisition expenditure is treated as incurred before 1 April 2002 where all the following conditions apply:

- expenditure on the acquisition of an asset would not have qualified for any tax relief against income under the law as it was before 1 April 2002
- that expenditure would be treated as incurred on or after 1 April 2002 under the general rule in s887
- the disposal giving rise to the acquisition would have been treated as occurring before 1 April 2002 for the purposes of TCGA 1992

Note that CTA09/S888 has a limited application. It concerns acquisitions where the different recognition of expenditure under chargeable gains

provisions and accountancy rules straddles 1 April 2002 in the manner outlined.

CTA09/S889 - cases where capital allowances general rule applies

Where the expenditure would have qualified for capital allowances, it is regarded as incurred when an unconditional obligation to pay it arises. This is the basic rule for capital allowances - see CAA01/S5 and CA11800.

Flowchart

See [CIRD11530 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11530\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11530) Flowchart C - When expenditure on creation or acquisition of an asset is incurred

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