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Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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CIRD43150 - Intangible assets: disincorporation relief: post-FA 2002 goodwill: effect of disincorporation relief: computation: overview CTA09/Part 8/S849A

Where a claim to disincorporation relief is made, the transfer value of post-FA 2002 goodwill is determined by CTA09/Part 8/S849A. Broadly the adjustment to the transfer value of the post-FA 2002 goodwill ensures that the net realisation

proceeds produce an outcome that ensures that no taxable credit will arise on realisation.

The calculation is dependent on the earlier treatment of the post-FA 2002 goodwill under Part 8, as follows:

- post-FA 2002 goodwill written-down for tax, see [CIRD43200](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird43200) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird43200>).
- post-FA 2002 goodwill on balance sheet but not written-down, see [CIRD43250](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird43250) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird43250>).
- post-FA 2002 goodwill not on balance sheet, [CIRD43300](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird43300) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird43300>).

The deemed realisation proceeds is then the deemed base cost of the asset in the hands of the shareholder(s) to whom it has been transferred. See [CIRD43350](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird43350) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird43350>) and CG65835.

Overall, the effect of disincorporation relief is to defer any profit or gain until the time when the asset is disposed of by the shareholder(s).

Disincorporation relief only applies to company tax charges

It is important to note that disincorporation relief does not provide any relief for income tax or capital gains tax charges on the shareholders, including when the assets of the business are distributed to them, or for any other tax charges.

For the shareholders, the usual tax rules on distributions apply, see SAIM5000 and CG57800.

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