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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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CIRD13090 - Core computational rules: taxable credits: accounting gains reversing previous accounting losses CTA09/PART8/S725

Exceptionally, a company may recognise an ‘accounting gain’ for a period of account which reverses some or all of an ‘accounting loss’ recognised in a previous period. (See [CIRD12210](#) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12210>) for an explanation of these

expressions). Where the accounting loss gave rise, in whole or in part, to a deductible debit under CTA09/PART8 (see [CIRD12560](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12560) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12560>)) S725 provides that the accounting gain gives rise to a corresponding taxable credit.

Where the earlier deductible debit was the same as the accounting loss then the taxable credit will be the same as the accounting gain.

Where the deductible debit was different from the earlier accounting loss, the taxable credit to be recognised is the accounting gain adjusted in the ratio that the earlier debit bears to the earlier accounting loss.

For example, if the earlier accounting loss was £100 but the deductible debit was only £80 and half that loss was reversed in the current period (giving an accounting gain of £50), then the taxable credit would be £40 - that is $\text{£80} / \text{£100} \times \text{£50}$.

This provision does not apply to the reversal of amortisation or impairment losses by way of revaluation gains within CTA09/PART8/S723. See [CIRD13050](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird13050) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird13050>) for the treatment of revaluation gains.

See [CIRD12560](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12560) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12560>) for the (complementary) treatment of accounting losses that reverse earlier accounting gains.

See [CIRD12300](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12300) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12300>) onwards for guidance on credits or debits resulting from a change in accounting policy.

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