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HMRC internal manual

Corporate Intangibles Research and Development Manual

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CIRD25070 - Intangible assets excluded from CTA09/PART8: assets held for non-qualifying purposes

CTA09/PART8/S803

Non-qualifying purposes

This section excludes intangible fixed assets to the extent they are held by a company for purposes that are:

- other than its business or other commercial purposes (see below); or
- those of activities in respect of which it is outside the charge to CT (see [CIRD25090](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird25090) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird25090>)).

Depending on the precise facts intangible assets held by a club or a society for recreational or similar purposes may well be excluded from CTA09/PART8 under one or both of these rules.

Business or commercial purpose

CTA09/PART8 does not attract as a matter of course the general computational rules which apply for CT, such as that prohibiting tax deductions for expenditure not incurred wholly and exclusively for the purposes of a trade. S803 fills the gap to the extent necessary.

S803 contains nothing equivalent to the requirement in CTA09/S54 that a purpose should be an exclusive one. The test would normally be satisfied where for example it is the commercially inspired practice of a group of companies to centralise the holding of its intangible assets in one group member, which then grants rights to use those assets to fellow members, whether located in the UK or elsewhere.

See [CIRD48120](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird48120) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird48120>) for the role of this provision in countering tax avoidance.

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