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## HMRC internal manual

# Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)  
([/government/organisations/hm-revenue-customs](#))

Published 11 March 2016

Updated: 10 September 2025 - [See all updates](#)

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## CIRD40040 - Intangible assets: groups: company cannot belong to more than one group

### CTA09/S768

If a company would otherwise be a member of more than one group, the tests below are applied sequentially to decide to which group it belongs.

- The first test involves leaving out of account any interest that the head of one group has in the profits and assets of the head of another group

available for distribution to equity holders. If the result of applying this test is that the company is an effective 51% subsidiary of one (and only one) head of a group, then the company is a member of that group.

- The second test looks at the entitlement to the company's profits. The company is a member of the group whose head has, in percentage terms, the greatest beneficial entitlement to the company's profits available for distribution to equity holders.
- You apply the third test if the first and second tests fail to establish membership of a single group. The company is a member of that group the head of which has, in percentage terms, the greatest beneficial entitlement to the company's assets available for distribution to equity holders on a winding-up.
- You use the fourth test when the first three tests fail to determine of which group the company is a member. The company is a member of that group the head of which owns, directly or indirectly, the greatest percentage of the company's ordinary share capital. For this purpose the rules in CTA10/S1154 apply to determine the percentage of one company's share capital owned directly or indirectly by another company.

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