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## HMRC internal manual

# Corporate Intangibles Research and Development Manual

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([/government/organisations/hm-revenue-customs](#))

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## CIRD20240 - Reinvestment relief: computation: old asset within CG code CTA09/S898

### Consideration fully reinvested

Where:

- the old asset is goodwill or an intangible asset within [CIRD20050 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-)

[development-manual/cird20050](#))(so that the disposal is within the CG code),

- the disposal takes place on or after 1 April 2002, and
- the net consideration on the disposal (see [CIRD20060 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20060\)](#)) is fully reinvested in chargeable intangible assets (see [CIRD20035 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20035\)](#)),

the reinvestment relief is equal to the chargeable gain.

## Consideration partly reinvested

Where in these circumstances the proceeds are only partly reinvested in chargeable intangible assets (see CIRD20035) the reinvestment relief is equal to the excess of:

- the amount so reinvested, over
- the total of the sums deductible in computing the chargeable gain on the disposal.

In effect therefore, as in the case of CG roll-over relief where the disposal consideration is partly reinvested, relief is only available to the extent that the 'gain' element of the proceeds is reinvested (on the assumption that any reinvestment represents the 'cost' element in priority).

## Example

Assume goodwill is sold on or after 1 April 2002 for £120 (net of allowable incidental costs of disposal). Assume also the sums allowable in the CG tax computations are:

<b>Cost of acquisition (including incidental costs)</b>	<b>£90</b>
Indexation	£10
<b>Total</b>	<b>£100</b>

The chargeable gain is therefore £20.

Assume that expenditure on replacement assets is £110.

The relief is therefore the amount by which the expenditure (£110) exceeds the sums deductible in computing the chargeable gain (£100), that is £10. If the expenditure on the new assets had not exceeded £100 there would have been no amount available for relief.

## Part disposals

No special rules are needed for reinvestment relief on the part disposal of goodwill or intangible assets giving rise to CG.

## Interaction with CG roll-over relief

CTA09/PART8 significantly restricts the extent to which goodwill and intangible assets can feature in a CG roll-over relief claim. See [CIRD20270](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20270) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20270>).

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