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HMRC internal manual

Corporate Intangibles Research and Development Manual

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

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CIRD10150 - Intangible assets: introduction: royalties from new or pre-FA 2002 assets

For the purposes of CTA09/PART8, a royalty means simply a royalty in respect of the enjoyment or exercise of rights that constitute an intangible fixed asset as defined in Part 8. Royalties satisfying this definition are within Part 8.

Royalties are by their nature revenue matters under the general tax code. Therefore, compared with the existing treatment, the ‘follow the

accounts' rule in Part 8 would, at most, change the time when they are brought to account for corporation tax. The limited nature of the change of treatment enables royalties, paid or received, to be brought within the regime even though they are in respect of 'pre-FA2002' (grand-fathered) intangible assets or certain types of asset that are otherwise excluded from Part 8 (for example master versions of films).

Part 8 applies to royalties recognised in the accounts on or after the commencement date (1 April 2002) but there are transitional provisions to ensure that on the introduction of the regime royalties are taxed or allowed once and only once.

Royalties are dealt with at [CIRD11700](#) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11700>) onwards.

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