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## HMRC internal manual

# Corporate Intangibles Research and Development Manual

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## CIRD45040 - Intangible assets: related party rules: market value rule: interaction with transfer pricing code

### CTA09/PART8/S846

As explained in the section of the manual on international issues the transfer pricing legislation (TIOPA10/PART4) applies to transactions within Part 8, as it does to other transactions of an income nature for the purposes of CT (see [CIRD47060 \(https://www.gov.uk/hmrc-internal-](https://www.gov.uk/hmrc-internal-CIRD47060)

[manuals/corporate-intangibles-research-and-development-manual/cird47060](#))).

It is possible that, in the case of a transaction between related parties, the price to be placed on the transaction for corporation purposes could be different under the transfer pricing rules determining the arm's length consideration from that under the market value rule in Part 8 described in [CIRD45030 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45030\)](#).

Prior to 8 July 2015 Part 8 provided that the transfer pricing rules in TIOPA10/PART4 took precedence over the market value rule. That was the case where:

- the price of a transaction actually needs to be adjusted under TIOPA10/PART4, or
- no adjustment is required under TIOPA10/PART4 because the consideration actually given was an arm's length amount but, had the transaction not been on arm's length terms, a transfer pricing adjustment would have been possible.

For asset transfers occurring on or after 8 July 2015 S846(1A) – (1C) applies (see [CIRD48330 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird48330\)](#)). The rules introduced from 8 July 2015 require the market value to be considered alongside any adjustment to arm's length required by TIOPA10/PART4. Where the market value is higher CTA09/S846(1B) brings into account an amount equal to the difference.

New rules were also introduced from 22 November 2017 to deal with a licence granted between related parties (see [CIRD48350 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird48350\)](#)).

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