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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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CIRD11710 - Intangible assets within CTA09/PART8: FA02 rule exceptions: royalties: definition of royalties CTA09/PART8/S714

A royalty within CTA09/PART8 is simply a royalty in respect of the enjoyment or exercise of rights that constitute an intangible fixed asset.

The term ‘royalty’ is not further defined and therefore takes its ordinary meaning. Payments or

receipts of a capital nature on general tax principles should not be regarded as royalties.

In the context of royalties an 'intangible fixed asset' is one which:

- satisfies the positive requirements [CIRD11100](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11100) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11100>)
- does not fall within any of the exclusions in [CIRD25025](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird25025) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird25025>) to CIRD25060 (assets outside the scope of FRS10)

Royalties are therefore within this definition even if they are in respect of intangible fixed assets which:

- are within the exclusions described in [CIRD25100](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird25100) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird25100>) to CIRD25190 (since those exclusions do not apply in relation to royalties), or
- fail the FA02 rule ([CIRD11500](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11500) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11500>)).

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