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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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CIRD40540 - Intangible assets: groups: degrouping: associated companies leaving group: subsequent charge CTA09/PART8/S783

The rules here are complex but are modelled on CG provisions that were designed to meet particular avoidance strategies that companies have employed in the past.

They operate in the following circumstances:

- a company ceases to be a member of a group of companies (the first group) having acquired an asset from another company which was a member of the first group at the time of acquisition;
- S783(1) applies in respect of that acquisition when the company leaves the first group, so that there is no degrouping adjustment at that point,
- the company later ceases to be a member of another group of companies (the second group); and
- there is a 'relevant connection' between the first and second groups ([CIRD40545](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40545) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40545>)).

In these circumstances, s783(3) deems the asset to have been transferred when both companies were members of the second group, so creating a degrouping adjustment at the time the company leaves the second group.

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