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## HMRC internal manual

# Corporate Intangibles Research and Development Manual

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[Back to contents](#) > [CIRD10000](#) > [CIRD10100](#)

## CIRD10140 - Intangible assets: introduction: commencement of the Part 8 regime: pre-FA 2002 assets

The rules in CTA09/PART8 normally only apply to intangible fixed assets created or acquired by a company on or after 1 April 2002 ('commencement date').

It should be noted that the commencement date does not apply on the basis of a particular accounting period, but instead it applies on a basis of when an asset was acquired or created. The

manual covers the question of how to decide when this is, starting at [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>).

## **‘Grand-fathering’**

For assets that were owned by the company (or by a related company) prior to the commencement date, there is a ‘grand-fathering’ regime that continues the existing treatment for these assets, although with changes to the position on rolling over gains. Assets grand-fathered in this way are known as ‘pre-FA 2002 assets’ in Part 8 (‘existing assets’ in FA02/SCH29).

[CIRD10145](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird10145) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird10145>) tells you where to look for guidance on the treatment of pre-FA 2002 assets.

## **When do pre-FA 2002 assets move to the corporate intangible assets regime?**

In general, once a pre-FA 2002 asset in the hands of a company is sold after commencement, it will come within the regime in the hands of the company acquiring it. But assets that are purchased from related parties before 1 July 2020 stay outside the regime if the related party held the asset prior to the commencement date. Without this rule it would have been a relatively straightforward matter for transactions to be entered into to obtain tax deductions under the intangible assets regime without any change in the ultimate economic ownership of the asset in question. The related party rules for this and other aspects are considered briefly later in this introductory section at [CIRD10160](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird10160) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird10160>).

Royalties in respect of pre-FA 2002 assets, as well as those subject to Part 8, come within the regime from 1 April 2002 (see [CIRD10150](#) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird10150>)).

In the particular cases of Lloyd's syndicate capacity, and telecommunication rights and licences within ITTOIA05/PART2/CH10, which were already taxed as income, the assets come into the regime even if they are pre-FA 2002 assets ([CIRD11740](#) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11740>) and [CIRD11750](#) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11750>)).

## Deferral of gains on pre-FA 2002 assets

Pre-FA 2002 assets remain subject to the CG code on disposal, but where the disposal takes place on or after the commencement date, CG roll-over relief ceases to be available. This withdrawal of roll-over relief affects goodwill and certain types of fishing and agricultural quota.

Instead, reinvestment relief under the corporate intangible assets regime may be claimed, not just for those pre-FA 2002 assets which previously qualified for CG roll-over relief, but for all disposals of pre-FA 2002 assets which fall within the CG rules. The detailed provisions are described in the section of the manual starting at [CIRD20000](#) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20000>).

← **Previous page**

(/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird10130)

---

→ **Next page**

(/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird10145)



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