

**Beta** This part of GOV.UK is being rebuilt – [find out what beta means \(/help/beta\)](#)

## HMRC internal manual

# Corporate Intangibles Research and Development Manual

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

Published 11 March 2016

Updated: 10 September 2025 - [See all updates](#)

[Back to contents](#) > [CIRD10000](#) > [CIRD12700](#)

# CIRD12745 - Core computational rules: deductible debits: relief for capitalised expenditure on an intangible asset: deemed to be acquired at book value

## CTA09/PART8/S863

### Introduction

S863 deals with three types of circumstance where an intangible asset previously outside CTA09/PART8 in the hands of a company

becomes a 'chargeable intangible asset' (see [CIRD20035 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20035\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20035)) in its hands for the first time. These are where:

- a company holding intangible fixed assets becomes resident in the UK (see [CIRD47020 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird47020\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird47020));
- an asset begins to be used by a company not resident in the UK for the purposes of a permanent establishment in the UK through which it carries on a trade (see CIRD47020); and
- an asset ceases to be used for the purposes of a mutual trade (CTM40950 onwards) carried on by a company and begins instead to be used for a non-mutual business (see below).

(FA03/S153 (1) substituted the words 'permanent establishment' for 'branch or agency' effective for all accounting periods beginning on or after 1 January 2003.)

## CTA09/PART8/S863A

### **Asset becoming chargeable intangible asset: EU exit charge**

Note that an asset that becomes chargeable and which has been subject to an EU exit tax charge is subject to the market value rule which is applied by CTA09/S863A.

### **Asset ceases to be used for mutual trade**

An intangible asset is excluded from CTA09/PART8 while it is used for the purposes of a mutual trade. See [CIRD25120 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird25120\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird25120)

[intangibles-research-and-development-manual/cird25120](#)).

Where a company ceases to use an asset in this way (for example because its trade ceases to be undertaken on a mutual basis) then, for the purposes of Part 8, the company is regarded as acquiring the asset for its accounting value immediately after it ceases to be used for the mutual trade and begins to be used for a non-mutual business; that is the net book value or carrying amount in the company's accounts.

## Points to note

- If an asset fails the FA02 rule described in [CIRD11500 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11500\)](#) onwards, for example because it was held by the company prior to 1 April 2002, it does not qualify as a chargeable intangible asset in its hands (because no taxable credit within Part 8 would arise on its realisation - see [CIRD20035 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20035\)](#)) and therefore the treatment set out above does not apply.
- Most internally generated goodwill and intangible assets cannot be capitalised and therefore have a book value of nil.
- The effect of deeming the asset to be acquired when it comes within Part 8 makes it possible for a company to meet the requirement for reinvestment relief purposes that the 'old asset' should be a chargeable intangible asset throughout the period the asset was held by it ([CIRD20035 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20035\)](#)).
- See [CIRD13270 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird13270\)](#) for the case where a chargeable intangible asset begins to be used for a mutual trade.

← **Previous page**  
(/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12740)

---

→ **Next page**  
(/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12755)



**OGI**

All content is available under the Open Government Licence v3.0, except where otherwise stated



© Crown copyright