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Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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Published 11 March 2016

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

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CIRD20410 - Reinvestment relief: groups of companies: expenditure on new assets by another group member

CTA09/PART8/S777

Asset realised within CTA09/PART8

The taxable credit on the realisation of a chargeable intangible asset (see [CIRD20035](#) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development->

[manual/cird20035](#)) by a member of a group of companies (as defined in [CIRD40030](#) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40030>) onwards) may be the subject of reinvestment relief where another member of the same group, rather than the company realising the asset, incurs the expenditure on the new assets.

Where the following conditions are satisfied the companies involved are treated as if they were the same company for the purpose of reinvestment relief:

- the company realising the old asset must be a member of a group at the time of the realisation,
- a company incurring expenditure on new assets:
 - must be a member of the group mentioned above at the time the expenditure is incurred (though there is no requirement that the two companies need to be a member of the same group simultaneously - see below),
 - must not be a 'dual resident investing company' (see CTM34560),
- the new assets:
 - must be 'chargeable intangible assets' (CIRD20035) in the hands of the company incurring the expenditure immediately after the expenditure on them is incurred,
 - must not be acquired by virtue of a 'tax neutral transfer' from another member of the same group (CIRD40200),
- the companies incurring the expenditure as well as the company realising the asset must claim the relief.

Asset realised gives rise to capital gain

A capital gain arising on the disposal, on or after 1 April 2002, of existing goodwill or an intangible asset within the CG regime (see [CIRD20050](#) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20050>))

[intangibles-research-and-development-manual/cird20050](#)) may also be the subject of a reinvestment relief claim by virtue of expenditure by another group member. The adaptations to reinvestment relief described in CIRD20050 apply for this purpose.

Time when group membership test applies

As noted above, there is no requirement that the company realising the old asset ('company A' below), and a company incurring expenditure on a new asset ('company B'), need to be members of the same group simultaneously.

For example, company A may be a member of the group of which company X is the principal member at the time of the realisation but subsequently leave it. Expenditure by company B may qualify for relief if company B is a member of company X's group at the time the expenditure is incurred even if B only joins the group after A leaves it.

CG equivalent

The extension of reinvestment relief described below is equivalent to the extension of CG roll-over relief under TCGA92/S175 (see CG45930).

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