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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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CIRD12910 - Core computational rules: deductible debits: relief for capitalised expenditure on an intangible asset: fixed rate relief: computation CTA09/PART8/S731

The starting point for the calculation of fixed rate deductions is the tax cost of the asset (see [CIRD12720 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12720\)](#)) including an asset

for which an election has been made (see [CIRD12905 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12905\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12905)).

The fixed rate deduction for an accounting period is then simply the lesser of:

- 4% or 6.5% of the tax cost (reduced proportionately where the accounting period is less than 12 months)
- the tax written down value of the asset at the beginning of the period (that is its tax cost reduced by the total of previous fixed rate deductions)

See [CIRD12920 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12920\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12920) for the computation of deductible debits following the part-realisation of an asset.

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