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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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CIRD20220 - Reinvestment relief: computation: old asset chargeable intangible asset: complete realisation of asset: proceeds not fully reinvested CTA09/S758(3)

Where the net proceeds on the complete realisation of the old asset are more than the expenditure on replacement assets the amount available for relief is limited to the excess of that expenditure over the cost recognised for tax

purposes of the old asset. (See [CIRD20210](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20210) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20210>) for the meaning of these terms).

Example

Assume the facts are as in the example in CIRD20210 (repeated below for convenience) except that the expenditure on replacement assets is reduced.

As before the asset is purchased for £100 and sold for £120 (net of incidental costs) when its tax value (and value in the accounts) is £30. There is still a realisation credit under CTA09/PART8 (see [CIRD13250](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird13250) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird13250>)) of £90 (realisation proceeds £120 - tax written down value £30). But this time expenditure on replacement assets is £110.

The relief is therefore the amount by which the expenditure (£110) exceeds the cost for tax of the old asset (£100), that is £10. If the expenditure on the new assets had not exceeded £100 there would have been no amount available for relief.

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