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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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## CIRD10160 - Intangible assets: introduction: related parties

Broadly speaking, related parties are those within the same economic family. Given the shared interests between related parties there is often more scope for transactions to be structured in the most beneficial way for tax. There may not be the same commercial constraints in place as there would be where the parties to a transaction are fully independent of each other. For that reason the intangible asset rules are modified in certain respects where related parties are involved. There is a separate definition of related parties that

differs from the more familiar one for connected parties. The related party rules are covered in more detail at [CIRD45000 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45000\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45000) onwards.

The general rules in CTA09/PART8 are modified for transactions between related parties as follows:

- Pre-FA 2002 assets purchased from related parties before 1 July 2020 remain outside the regime.
- Where intangible assets within the provisions of Part 8 are transferred between related parties then the transaction is usually deemed to take place at market value (but see [CIRD10190 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird10190\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird10190) about groups of companies).
- Where royalties are paid to a related party who is not subject to Part 8, and the royalties are paid more than twelve months after the period in which they are charged against profits, then the tax deduction is deferred until the period in which payment is made. See [CIRD12660 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12660\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12660).
- There is no reinvestment relief for gains arising on part disposals to related parties. [CIRD20080 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20080\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird20080) explains the reasons.
- Where an individual, or a firm incorporates their business on or after 3 December 2014, amortisation etc. relief for goodwill and certain customer related intangible assets may be restricted. See [CIRD44000 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird44000\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird44000) onwards.

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