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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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# CIRD12905 - Core computational rules: deductible debits: relief for capitalised expenditure on an intangible asset: fixed rate relief: general

## CTA09/PART8/S730

### Background

A company may elect for fixed rate deductions in respect of a particular intangible fixed asset, regardless of its accounting treatment. A company

may also be subject to a 6.5% fixed rate in relation to relevant assets created or acquired on or after 1 April 2019 (see CIRD44055 onwards). The main practical effect of these provisions is to make tax relief available for the cost of acquiring the most durable types of intangible asset regardless of whether or not that cost is amortised at all in the accounts or else is amortised over a different period. An example of an asset not amortised could be a trade mark with an indefinite useful economic life.

## Procedure

An election for fixed rate treatment:

- is irrevocable
- must be made in writing within two years of the end of the accounting period in which the asset is acquired or created by the company

The right of the acquirer of an asset to elect for fixed rate treatment is not affected by the treatment of the asset in the hands of the vendor except where an asset is transferred on 'tax-neutral' terms (for example an intra-group transfer - see [CIRD40200 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40200\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird40200)). In that case, the transferee company gets deductions on the same basis as the transferor without any fresh right to elect for fixed rate treatment.

## Disaggregated assets

Where there is a change of accounting policy affecting an asset such that a number of assets recognised as a single asset in one period of account is recognised as a number of assets in the next period of account the following rules apply:

- If an election for fixed rate treatment had been made in respect of the aggregated asset, then there is a deemed election for fixed rate

treatment in respect of each of the disaggregated assets (CTA09/PART8/S876).

- If no election for fixed rate treatment was made in respect of the aggregated asset, then it is possible to make an election for fixed rate treatment in respect of any of the disaggregated assets so long as the election is made within the original time limit that would apply for the aggregated asset (CTA09/PART8/S877).

There is more guidance on disaggregated assets including the amounts to be recognised as the tax written down value and tax cost of disaggregated assets at [CIRD12300 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12300\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12300) onwards.

## Computational rules

For the computational rules see [CIRD12910 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12910\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12910).

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