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## HMRC internal manual

# Corporate Intangibles Research and Development Manual

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## CIRD11665 - Intangible assets within CTA09/PART8: FA02 rule: time when asset treated as created or acquired: scope CTA09/PART8/S883 - 886

These rules only apply for the purpose of determining if and when an asset is treated as created or acquired for the purpose of CTA09/S882 - the FA02 rule (see [CIRD11505](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11505) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11505>)+).

## CTA09/S883

Before the amendments made by FA20/S31, CTA09/S883(3) treated an asset as created or acquired on or after 1 April 2002 when expenditure on its creation or acquisition is incurred on or after that date ([CIRD11670 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11670\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11670)).

FA20/S31 amended CTA09/S883 to allow determination of when an asset is acquired for other periods included within the rules contained in CTA09/S882. The following periods are dealt with by new subsection (3A) – (3C) as follows:

- (3A) – for periods on or after 1 July 2020,
- (3B) – for periods between 1 April 2002 and 30 June 2020, and
- (3C) – for periods between 19 March 2020 and 30 June 2020

This rule is subject to the three other statutory provisions identified in CTA09/S883(2). These provisions, CTA09/S884 - 886, are further rules that determine whether the specified assets fall to be treated as created before, or on or after 1 April 2002 (see [CIRD11675 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11675\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11675)).

## CTA09/S884 - 886 post-FA09/S70

CTA09/S884 (goodwill: time of creation) - (see [CIRD11680 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11680\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11680)) - and CTA09/S886 (assets representing production expenditure on films: time of creation) have relatively narrow and specific application. Following FA09/S70 (CIRD48290), CTA09/S885 now sets out a general rule for determining the relative time of creation of intangible assets that do not come within

CTA09/S883's expenditure-based test or within the rules in CTA09/S884 and CTA09/S886.

CTA09/S885 (assets representing non-qualifying expenditure: time of creation) applies to assets that, under the law as it was before 1 April 2002, do not represent qualifying expenditure for the purposes of any allowance under CAA2001 ([CIRD11685 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11685\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird11685)). Such an asset is treated for the purposes of CTA09/S882 as created before 1 April 2002 if it was held at any time before that date. In all other cases the asset is treated as created on or after 1 April 2002. The test in CTA09/S885 is therefore one of existence rather than expenditure. See the example in CIRD11688.

### **CTA09/S883 and S885 pre-FA09/S70**

For accounting periods or parts of accounting periods ending prior to 22 April 2009, CTA09/S883 sets out the general rule. As now, CTA09/S883 determined whether an asset falls to be treated as created or acquired on or after 1 April 2002 by reference to when expenditure was incurred on the creation or acquisition of the asset. Again as now, the CTA09/S883 rule was subject to the provisions in CTA09/S884 - 886; however, prior to FA09/S70, CTA09/S885 was narrower in scope and applied only to internally generated assets.

Before FA09/S70 the expenditure-based test in CTA09/S883 could therefore be considered the test that was more generally applicable. From 22 April 2009 it is the existence-based test in CTA09/S885 that will apply to determine the relative time of creation in most cases. Following FA09/S70, CTA09/S883 will only apply to determine the relative time of creation where the asset would have qualified for capital allowances under the rules that existed prior to 1 April 2002.

## **Acquisitions**

Note that CTA09/S885 only deals with the relative time of creation. It has no application to acquisitions. FA09/S70 does not alter the general rule in CTA09/S883 that determines whether an asset has been acquired on or after 1 April 2002 (or any other period) by reference to expenditure on acquisition.

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