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HMRC internal manual

Corporate Intangibles Research and Development Manual

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CIRD45160 - Intangible assets: related party rules: definition of control: major interest

CTA09/PART8/S837

Under the first test of relatedness described in section 835 (2) (see [CIRD45105](#) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45105>)) a person is a related party of a company not only if one controls the other but also

if one holds a ‘major interest’ in the other. ‘A person has a “major interest” in a company if:

1. the person and one other person together have control of that company, and
2. the rights and powers ([CIRD45180](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45180) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45180>)) by means of which they have such control represent, in the case of each of them, at least 40% of the total.’

In applying this test the definition of control described in [CIRD45150](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45150) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45150>) is used, including the power to attribute the rights and powers of one person to another as described in CIRD45180.

Example

This provision is aimed particularly at some types of joint venture. For example, two companies (A and B), independent of one another, may set up a third company (C) to undertake a joint venture so that each holds a 50% stake in C. Neither A nor B may control C, but each would have a major interest in C.

Hence A would be a related party of C (and vice versa). Similarly, B would be a related party of C (and vice versa).

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