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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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CIRD30120 - Intangible assets: GAAP: conformity with: accounts intended to conform but may not do so: general

Practical considerations

Starting point

The starting point here will always be the accounts actually drawn up by the company. The questions to be asked will then be:

- whether the accounting policies and estimation techniques which they reflect are consistent with the standards specifically concerned with a company's intangible assets or transactions; and
- whether those policies result in information that is relevant and reliable.

Approach

It will very often be possible to take a more sanguine view of the likely economic life or value of an intangible asset than that reflected in a company's accounts. But these provisions are not intended to open up a whole new area of contention over companies' tax liabilities, concerned with what is the most acceptable accounting practice. In particular, where it turns out that the company has properly considered the matter and come to a tenable conclusion as to the most appropriate policy and estimation technique, then the financial statements should not be challenged on the basis that another policy or estimation technique could have been used.

Enquires into the relevant accounting judgements should therefore be focused on unusual circumstances where there are clear grounds for concern, and where both the tax potentially at stake and the likelihood of an adjustment justify the decision. In such cases some preliminary fact finding will be essential to try to establish at an early stage whether the accounting treatment is sufficiently extreme to justify continuation of the enquiry.

Further guidance

See [CIRD30130 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird30130\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird30130) for examples of relevant factors in choosing cases for enquiry and [CIRD30140 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird30140\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird30140)

[development-manual/cird30140](#)) regarding the need to involve HMRC advisory accountants.

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