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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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[Back to contents](#) > [CIRD10000](#) > [CIRD44000](#)

CIRD44350 - Intangible assets: Restriction for goodwill and relevant assets: circumstances when FA15 rules will apply to a related party incorporation

CTA09/S849B (1) {#}

Circumstances

The restriction applies when a company acquires a relevant asset from:

- an individual who, at the time of acquisition, is a related party to the company, or
- from a firm where, at the time of acquisition, a member of the firm is related to the company.

Note that these rules can include direct and indirect transfers between related parties.

Additionally, arrangements that seek to prevent these rules from applying can be subject to CTA09/PART 8's anti-avoidance rules at CTA09/S864. See [CIRD48105](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird48105)

(<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird48105>).

CTA09/S849B (2) – (3)

Relevant assets

The FA15 rules apply to goodwill and to other types of intangible assets that are commonly associated with and were typically subsumed within goodwill under old UK GAAP (FRS10). This is to ensure that the new rules will apply in relation to the relaxed recognition criteria in new UK GAAP (FRS102 s18 and IAS38). Without this extended definition many types of intangible assets, not previously recognised as separate intangible assets under old UK GAAP, would remain eligible for unrestricted relief. This extended definition therefore prevents businesses from claiming relief for goodwill type assets closely associated with a business's customers. The definition of 'relevant asset' includes:

- goodwill,
- customer information of the business carried on by the transferor,
- customer relationships (contractual and non-contractual) of the business carried on by the transferor,

- unregistered trade mark or sign used in the business of the transferor, and
- a licence in respect of the above.

If during the course of your work you notice that a company has identified an asset closely associated with goodwill but which is not included in the list above, please notify one of the intangibles tax specialists in BAI.

CTA09/S849B (4) – (6)

Third party acquisitions

The FA15 rules are only intended to restrict relief for internally-generated goodwill acquired from a related party (for example; on incorporation). Where the assets acquired on incorporation also include goodwill type assets that were previously acquired from a third party the amount of relief is apportioned. This is to ensure that the restriction only applies to the internally-generated assets acquired on incorporation. For further details of how the rules work see:

- CIRD44400 for cases where there are no previous third party acquisition costs
- CIRD44450 onwards for cases involving previous third party acquisition costs
- CIRD44550 for subsequent realisation by the company where there are no previous third party acquisition costs
- CIRD44600 for subsequent realisation by the company that includes previous third party acquisition costs
- CIRD44650 for worked examples

← **Previous page**

(/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird44300)

→ **Next page**
(/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird44400)



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