HMRC - CIRD42010 - Re-Organisations: Overview

CTA09/PART8/CHAPTER11

CTA09/PART8/CHAPTER11 contains rules, equivalent to those for CG tax purposes, to ensure continuity or consistency of treatment where intangible fixed assets change hands in the course of a business reorganisation.

The topics covered are:

company reconstructions where transferor receives no consideration (except for the assumption of liabilities) - see CIRD42020;

the transfer of a UK trade between EU companies resident in different states - see CIRD42030;

the transfer of an EU (but non UK) trade by a UK company to a company resident in another EU state - see CIRD42060;

the domestication of foreign permanent establishments of UK companies by local incorporation - see CIRD42040;

the formation of a European company (‘Societas Europaea’ or ‘SE’) CIRD42080;

clearance applications for the above transactions - see CIRD42100;

transfers of long-term (usually life) assurance business between two companies - see CIRD42120; and

transfers or amalgamations of building society business - see CIRD42130 and CIRD42140.

These provisions do not apply to straight share for share exchanges where the direct ownership of the intangible asset remains unaltered, even if the ownership of the company changes. Such transactions may however trigger a degrouping adjustment under the rules explained in (CIRD40500 onwards).

The transfer of a business may well involve the transfer of intangible assets that are not in the balance sheet, in particular goodwill that has been internally generated (rather than purchased) by the transferor company.

Clearances

Where a clearance, either statutory or non-statutory, is given concerning either a cross-border transaction or a Permanent Establishment then it is likely that this is a cross-border ruling and should therefore be exchanged under the EU Directive 2011/16 (“the DAC”). Guidance on what constitutes a ruling for the purposes of the DAC can be found in the International Exchange of Information Manual at IEIM550100. Such a ruling should be reported to the JITSIC team and guidance on how to do this, including the template to use, is at IEIM570900.

Next page