

SCHEDULES

SCHEDULE 29

GAINS AND LOSSES OF A COMPANY FROM INTANGIBLE FIXED ASSETS

PART 1

INTRODUCTION

Gains and losses in respect of intangible fixed assets

- 1 (1) A company's gains in respect of intangible fixed assets are chargeable to corporation tax as income in accordance with this Schedule.
- (2) This Schedule also has effect for determining how a company's losses in respect of intangible fixed assets are brought into account for the purposes of corporation tax.
- (3) Except where otherwise indicated, the amounts to be brought into account in accordance with this Schedule in respect of any matter are the only amounts to be brought into account for the purposes of corporation tax in respect of that matter.

Intangible assets

- 2 (1) In this Schedule "intangible asset" has the meaning it has for accounting purposes.
- (2) References in this Schedule to an intangible asset include, in particular, any intellectual property.

For this purpose "intellectual property" means—

- (a) any patent, trade mark, registered design, copyright or design right, plant breeders' rights or rights under section 7 of the Plant Varieties Act 1997 (c. 66),
- (b) any right under the law of a country or territory outside the United Kingdom corresponding to, or similar to, a right within paragraph (a),
- (c) any information or technique not protected by a right within paragraph (a) or (b) but having industrial, commercial or other economic value, or
- (d) any licence or other right in respect of anything within paragraph (a), (b) or (c).

- (3) This paragraph is subject to Part 10 (excluded assets).

Intangible fixed assets

- 3 (1) In this Schedule an "intangible fixed asset", in relation to a company, means an intangible asset acquired or created by the company for use on a continuing basis in the course of the company's activities.

Status: This is the original version (as it was originally enacted).

- (2) References in this Schedule to an intangible fixed asset include an option or other right—
 - (a) to acquire an intangible asset that if acquired would be a fixed asset, or
 - (b) to dispose of an intangible fixed asset.
- (3) Unless otherwise indicated, the provisions of this Schedule apply to an intangible fixed asset whether or not it is capitalised in the company's accounts.
- (4) This paragraph is subject to any such provision of regulations under paragraph 104 (finance leasing etc) as is mentioned in sub-paragraph (2)(a) of that paragraph (assets to be treated as intangible fixed assets of finance lessor).

Goodwill

- 4 (1) Except as otherwise indicated, the provisions of this Schedule apply to goodwill as to an intangible fixed asset.
- (2) In this Schedule “goodwill” has the meaning it has for accounting purposes.

Company not drawing up correct accounts

- 5 (1) If a company does not draw up accounts in accordance with generally accepted accounting practice (“correct accounts”)—
 - (a) the provisions of this Schedule apply as if correct accounts had been drawn up, and
 - (b) the amounts referred to in this Schedule as being recognised for accounting purposes are those that would have been recognised if correct accounts had been drawn up.
- (2) If a company draws up accounts that rely to any extent on amounts derived from an earlier period of account for which the company did not draw up correct accounts, the amounts referred to in this Schedule as being recognised for accounting purposes in the later period are those that would have been recognised if correct accounts had been drawn up for the earlier period.
- (3) The provisions of this paragraph apply where the company does not draw up accounts at all as well as where it draws up accounts that are not correct.

Reference to consolidated group accounts

- 6 (1) In determining whether a company's accounts are correct, reference may be made to any view as to—
 - (a) the useful life of an asset, or
 - (b) the economic value of an asset,
 taken for the purposes of consolidated group accounts prepared for any group of companies of which the company is a member.
- (2) In sub-paragraph (1)—
 - “consolidated group accounts” means group accounts that satisfy the requirements of—
 - (a) section 227 of the Companies Act 1985 (c. 6), or

(b) in Northern Ireland, Article 235 of the Companies (Northern Ireland) Order 1986 (SI 1986/1032 (N.I. 6)),

or the corresponding requirements of the law of a country outside the United Kingdom; and

“group of companies” means a group as defined in—

(a) section 262(1) of that Act, or

(b) in Northern Ireland, Article 270(1) of that Order,

or the corresponding provision of the law of a country outside the United Kingdom.

(3) This paragraph does not apply if or to the extent that the consolidated group accounts are prepared—

(a) in accordance with the requirements of the law of a country outside the United Kingdom, and

(b) on a basis that, in relation to the matters mentioned in sub-paragraph (1), substantially diverges from generally accepted accounting practice.