

CORPORATION TAX ACT 2009

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 8: Intangible fixed assets

Overview

Chapter 7: Roll-over relief in case of realisation and reinvestment

Section 754: The relief: the “old asset” and “other assets”

2045. This section introduces a form of roll-over relief enabling some or all of a credit arising under Chapter 4 of this Part on the realisation of an intangible fixed asset (including goodwill) to be deferred. It is based on paragraph 37 of Schedule 29 to FA 2002.

2046. *Subsection (4)* is new. The rules in this Chapter deal only with mainstream cases where, broadly, assets already within the intangible fixed assets regime are replaced in arm's length transactions by a single company by assets that, on acquisition, are also within the regime. This is the simplest case. *Subsection (4)* gives a signpost to additional, more complex, rules that deal with those cases involving group company and related party transactions as well as transitional interaction with the capital gains rules.

Section 755: Conditions relating to the old asset and its realisation

2047. This section states the conditions for roll-over relief that must be met in respect of the intangible fixed asset that is replaced. It is based on paragraph 38 of Schedule 29 to FA 2002.

2048. *Subsection (4)* applies to such assets as internally-generated goodwill.

Section 756: Conditions relating to expenditure on other assets

2049. This section states the conditions that must be met in respect of the intangible fixed asset that replaces the old asset. It is based on paragraph 39 of Schedule 29 to FA 2002.

2050. *Subsection (1)* sets a reinvestment period which is subject to discretionary extension. Under the source legislation this power is exercised by the Commissioners for HMRC. In practice it would be exercised by an officer of HMRC and the Act reflects that. See *Change 1* in Annex 1.

Section 757: Claim for relief

2051. This section sets out the required contents of a claim for relief. It is based on paragraph 40 of Schedule 29 to FA 2002.

Section 758: How the relief is given: general

2052. This section states how the relief is given. It is based on paragraph 41 of Schedule 29 to FA 2002.

Section 759: Determination of appropriate proportion of cost and adjusted cost

2053. This section adjusts the cost of the intangible fixed asset that is replaced in cases of part realisation. It is based on paragraph 42 of Schedule 29 to FA 2002.

Section 760: References to cost of asset where asset affected by change of accounting policy

2054. This section modifies the cost of the intangible fixed asset that is replaced, for the purposes of the reinvestment relief rules, in cases where there has been a change of accounting policy resulting in adjustments under Chapter 15 of this Part. It is based on paragraph 42A of Schedule 29 to FA 2002.

Section 761: Declaration of provisional entitlement to relief

2055. This section allows a company reinvestment relief on a provisional basis if it intends to incur expenditure on other assets within the prescribed time limit. It is based on paragraph 43 of Schedule 29 to FA 2002.

Section 762: Realisation and reacquisition

2056. This section treats an intangible fixed asset that is realised and subsequently reacquired as a different asset for the purposes of the reinvestment relief rules. It is based on paragraph 44 of Schedule 29 to FA 2002.

2057. This enables relief to be given where, for example, a company has a change of business plans.

Section 763: Disregard of deemed realisations and reacquisitions

2058. This section gives a general rule that deemed realisations and reacquisitions are ignored for the purposes of the reinvestment relief rules. It is based on paragraph 45 of Schedule 29 to FA 2002.