

Corporate intangible fixed assets

(Lecture B1137 – 6.39 minutes)

The law in relation to the taxation of intangible fixed assets held by companies is found in Part 8 of CTA 2009 (Ss711 – 906 CTA 2009). These rules allow, inter alia, groups of companies to transfer intangible fixed assets between members of a 75% group without incurring a tax charge or realising a tax deduction (in other words, on what might be termed a 'tax-neutral' basis).

However, the legislation contains a special anti-avoidance provision (see S780 CTA 2009) which crystallises a tax charge or a tax deduction if a company which has previously received an intangible fixed asset on a tax-neutral basis leaves the 75% group within a period of six years from the date of that transfer. This is known as 'degrouching' treatment.

With effect from 7 November 2018, S26 FA 2019 amends CTA 2009 so that a degrouching adjustment will no longer be made in situations where a company leaves a 75% group as a result of a share disposal which qualifies for the SSE.

The new section has removed an obstacle to commercially-motivated merger and acquisition activity and aligns the degrouching regime in Part 8 of CTA 2009 with the equivalent legislation in the corporate chargeable gains code.

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