



Finance Act 2004

2004 CHAPTER 12

PART 3

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 2

CORPORATION TAX: GENERAL

Accounting practice

^{F1}50 **Generally accepted accounting practice**

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Textual Amendments

- F1** S. 50 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), Sch. 1 para. 424, **Sch. 3 Pt. 1** (with Sch. 2)

^{F2}51 **Use of different accounting practices within a group of companies**

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Textual Amendments

- F2** S. 51 repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), Sch. 1 para. 425, **Sch. 3 Pt. 1** (with Sch. 2)

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Finance Act 2004. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

52 Amendment of enactments that operate by reference to accounting practice

- (1) Schedule 10 makes amendments of provisions of the Tax Acts that operate by reference to accounting practice.
- (2) In that Schedule—
 - Part 1 makes amendments relating to loan relationships;
 - Part 2 makes amendments relating to derivative contracts;
 - Part 3 makes amendments relating to intangible fixed assets;
 - Part 4 makes amendments relating to foreign currency accounting.
- (3) The amendments have effect in relation to—
 - (a) periods of account beginning on or after 1st January 2005, ^{F3}...
 - ^{F3}(b)

Textual Amendments

- F3** S. 52(3)(b) and word repealed (retrospective to 7.4.2005) by [Finance Act 2005 \(c. 7\)](#), [Sch. 4 para. 50](#), [Sch. 11 Pt. 2\(7\)](#)

53 Treatment of expenditure on research and development

- (1) Expenditure by a company on research and development, if not of a capital nature, is not prevented from being regarded for tax purposes as deductible in computing profits by reason of the fact that for accounting purposes it is brought into account by the company in determining the value of an intangible asset.
- (2) Subsection (1) applies, in particular, for the purposes of—
 - section 82A of the Taxes Act 1988 (deduction of expenditure on research and development),
 - Schedule 20 to the Finance Act 2000 (c. 17) (R&D tax relief),
 - Schedule 12 to the Finance Act 2002 (c. 23) (tax relief for expenditure on research and development), and
 - Schedule 13 to that Act (tax relief for expenditure on vaccine research etc.).
- (3) Where expenditure is brought into account by a company for tax purposes in accordance with subsection (1), no deduction may be made in computing for tax purposes the profits of the company in respect of the writing down of so much of the value of an intangible asset as is attributable to that expenditure.
- (4) Expenditure shall not be regarded by virtue of subsection (1) as deductible in computing a company's profits for an accounting period to the extent that—
 - (a) a deduction has been made in respect of it in computing the company's profits for a previous accounting period, or
 - (b) the company has benefited from a tax relief in respect of it for a previous accounting period under any of the provisions specified in subsection (2).
- (5) In this section—
 - “intangible asset” has the meaning it has for accounting purposes; and
 - “research and development” has the meaning given by section 837A of the Taxes Act 1988.

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(6) This section shall come into force in accordance with provision made by the Treasury by order made by statutory instrument.

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Commencement Information

I1 S. 53 in force at 1.1.2005 with effect as specified in art. 2 of the commencing S.I. by [S.I. 2004/3268](#), [art. 2](#)

^{F4}54 Trading profits etc. from securities: taxation of amounts taken to reserves

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Textual Amendments

F4 S. 54 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

Changes to legislation:

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 236ZA inserted by [S.I. 2024/357 art. 2\(2\)](#)