

*These notes refer to the Corporation Tax Act 2009
(c.4) which received Royal Assent on 26 March 2009*

CORPORATION TAX ACT 2009

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 8: Intangible fixed assets

Overview

Chapter 1: Introduction

Section 711: Overview of Part

1974. This section provides a “route map” of the Part. It is new.

Section 712: “Intangible asset”

1975. This section explains what is meant by “intangible asset”. It is based on paragraph 2 of Schedule 29 to FA 2002.

Section 713: “Intangible fixed asset”

1976. This section explains what is meant by “intangible fixed asset”. It is based on paragraph 3 of Schedule 29 to FA 2002.

1977. *Subsection (2)* is an important general extension to the rules. That is, if an asset is an “intangible fixed asset” under the rules in this Part, so is an option or other right to acquire or dispose of that asset. There is a counterpart, obverse rule in section 805.

Section 714: “Royalty”

1978. This section is definitional. It is based on paragraph 139 of Schedule 29 to FA 2002.

Section 715: Application of this Part to goodwill

1979. This section brings goodwill within the intangible fixed assets regime. It is based on paragraph 4 of Schedule 29 to FA 2002.

1980. The inclusion of goodwill extends the relevance of these rules to a far wider range of companies than would otherwise be the case.

Section 716: “Recognised” amounts and “GAAP-compliant accounts”

1981. This section identifies the accountancy amounts from which the related tax amounts are derived. It is based on paragraph 134 of Schedule 29 to FA 2002.

1982. *Subsection (4)* rewrites part of paragraph 5(1) of Schedule 29 to FA 2002. The subsection uses the label “GAAP-compliant accounts” as being a more neutral term than the label “correct accounts” used in the source legislation.

Section 717: Companies without GAAP-compliant accounts

1983. This section deals with the case where a company does not draw up accounts in accordance with generally accepted accounting practice or, exceptionally, does not draw up accounts at all. It is based on paragraph 5 of Schedule 29 to FA 2002.
1984. In both cases the rules apply as though GAAP-compliant accounts had been drawn up.
1985. *Subsection (3)* applies where accounts are GAAP-compliant in themselves but follow on from a period for which the accounts were not. It allows the later accounts to be adjusted to reflect the adjustments required in the earlier accounts.

Section 718: GAAP-compliant accounts: reference to consolidated group accounts

1986. This section allows reference to be made to consolidated group accounts in determining whether a company's accounts are GAAP-compliant. It is based on paragraph 6 of Schedule 29 to FA 2002.

Section 719: Accounting value

1987. This section is definitional. It is based on paragraph 135 of Schedule 29 to FA 2002.