

*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 16: Pre-FA 2002 assets etc

Overview

Section 892: Certain assets acquired on transfer of business

2264. This section preserves symmetry of tax treatment between the intangible fixed assets rules and the capital gains rules on certain transfers of intangible fixed assets that are outside the intangible fixed assets regime. It is based on paragraph 127 of Schedule 29 to FA 2002.
2265. The capital gains provisions listed in *subsection (2)* allow a no gain/no loss treatment on the transfer of an intangible asset to a transferee who is not a related party. Without a special rule, in the circumstances described in *subsection (1)*, the asset transferred would be within this Part in the hands of the transferee and carry an acquisition cost based on the “fair value” of the asset in the accounts of the transferee. This could result in relief under this Part being available on a sum that was not liable to tax in the hands of the transferor.
2266. To avoid this mismatch between the treatment of the transferor and the transferee, this section ensures that the asset transferred in these circumstances is excluded from this Part in the hands of the transferee as well as the transferor. The asset remains within the capital gains rules in the hands of the transferee, with an acquisition cost equal to the transferor’s disposal value.