

*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 2: Credits in respect of intangible fixed assets

Section 720: Introduction

1988. This section introduces the rules dealing with the main category of accounting gains to be brought into account as credits for tax purposes. It is based on paragraph 13 of Schedule 29 to FA 2002.

1989. The rules in this Chapter do not apply on a realisation of an intangible fixed asset. *Subsection (3)* gives a signpost to the rules that do.

Section 721: Receipts recognised as they accrue

1990. This section covers all kinds of receipts (including most ordinary royalties) from the exploitation of intangible fixed assets, apart from those deriving from the realisation of such assets. It is based on paragraph 14 of Schedule 29 to FA 2002.

Section 722: Receipts in respect of royalties so far as not dealt with under section 721

1991. This section applies to credits in respect of some exceptional royalties to bring them within the charge when this would not otherwise happen. It is based on paragraph 14A of Schedule 29 to FA 2002.

Section 723: Revaluation

1992. This section applies when an intangible fixed asset is revalued upwards. It is based on paragraph 15 of Schedule 29 to FA 2002.

Section 724: Negative goodwill

1993. This section applies to certain releases of negative goodwill. It is based on paragraph 16 of Schedule 29 to FA 2002.

Section 725: Reversal of previous accounting loss

1994. This section applies to an accounting gain that reverses a previous loss for which relief was given. It is based on paragraph 17 of Schedule 29 to FA 2002.

1995. *Subsection (3)* ensures that if the tax debit in the previous period was not the same figure as the accounting loss, the credit on the reversal of the loss is the accounting gain adjusted in the ratio which the debit bears to the loss.

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1996. There is a parallel, converse rule in section 732.