

Status: Point in time view as at 24/07/2002.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2002, Part 3. (See end of Document for details)

SCHEDULES

SCHEDULE 29 **U.K.**

GAINS AND LOSSES OF A COMPANY FROM INTANGIBLE FIXED ASSETS

Modifications etc. (not altering text)

C1 Sch. 29 applied (with modifications) (15.8.2002) by [S.I. 2002/1967](#), **regs. 3-6**

PART 3 **U.K.**

CREDITS IN RESPECT OF INTANGIBLE FIXED ASSETS

Introduction

- 13 (1) This Part provides for credits to be brought into account by a company for tax purposes in respect of—
- (a) receipts in respect of intangible fixed assets that are recognised in the profit and loss account as they accrue (see paragraph 14),
 - (b) revaluation of an intangible fixed asset (see paragraph 15),
 - (c) credits recognised for accounting purposes in respect of negative goodwill (see paragraph 16), and
 - (d) the reversal of previous accounting debits in respect of an intangible fixed asset (see paragraph 17).
- (2) This Part does not apply in relation to amounts brought into account in connection with the realisation of an intangible fixed asset within the meaning of Part 4.

Receipts recognised as they accrue

- 14 (1) Where in a period of account a gain representing a receipt in respect of an intangible fixed asset is recognised in the company's profit and loss account, a corresponding credit shall be brought into account for tax purposes.
- (2) Subject to any adjustment required for tax purposes, the amount of the credit recognised for tax purposes under this paragraph is the same as the amount of the gain recognised by the company for accounting purposes.

Revaluation

- 15 (1) Where in a period of account the accounting value of an intangible fixed asset is increased on a revaluation, a credit shall be brought into account for tax purposes.
- (2) The amount of the credit for tax purposes is—

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- (a) the amount corresponding for tax purposes to the increase in value (see sub-paragraph (3)), or
 - (b) if less, the net aggregate amount of relevant tax debits previously brought into account (see sub-paragraph (4)).
- (3) The amount corresponding for tax purposes to the increase in value is:

$$\text{Accounting Adjustment} \times \frac{\text{Tax Value}}{\text{Accounting Value}}$$

where—

Accounting Adjustment is the amount of the increase in the accounting value of the asset,

Tax Value is the tax written down value of the asset immediately before the revaluation, and

Accounting Value is the accounting value of the asset by reference to which the revaluation is carried out.

- (4) The net aggregate amount of relevant tax debits previously brought into account is:

Previous Debits - Previous Credits

where—

Previous Debits is the total amount of debits previously brought into account for tax purposes in respect of the asset under paragraph 9 (writing down on accounting basis), and

Previous Credits is the total amount of any credits previously brought into account for tax purposes in respect of the asset under this paragraph.

- (5) For the purposes of this paragraph a “revaluation” includes—
 - (a) the valuation of an asset for which a value is shown in the company’s balance sheet but which has not previously been the subject of a valuation, and
 - (b) the restoration of past losses.
- (6) This paragraph does not apply to an asset in respect of which an election has been made under paragraph 10 (election for writing down at fixed rate).

Negative goodwill

- 16 (1) Where in a period of account a gain is recognised in the company’s profit and loss account in respect of negative goodwill arising on an acquisition of a business, a corresponding credit shall be brought into account for tax purposes.
- (2) The amount of the credit is so much of the gain recognised for accounting purposes as, on a just and reasonable apportionment, is attributable to intangible fixed assets.

Reversal of previous accounting loss

- 17 (1) Where in a period of account a gain is recognised in the company’s profit and loss account reversing (in whole or in part) a loss recognised in a previous period of

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account in respect of which a debit was brought into account for tax purposes under Part 2 (debits in respect of intangible fixed assets), a corresponding credit shall be brought into account for tax purposes.

- (2) The amount of the credit to be brought into account for tax purposes is:

$$\text{Accounting Gain} \times \frac{\text{Tax Debit}}{\text{Accounting Loss}}$$

where—

Accounting Gain is the amount of the gain recognised for accounting purposes,

Accounting Loss is the amount of the loss that is reversed (in whole or in part), and

Tax Debit is the amount of the tax debit brought into account in respect of the loss.

- (3) This paragraph does not apply to a gain on a revaluation within the meaning of paragraph 15.

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