



# Corporation Tax Act 2009

## 2009 CHAPTER 4

### PART 8 U.K.

#### INTANGIBLE FIXED ASSETS

### CHAPTER 15 U.K.

#### ADJUSTMENTS ON CHANGE OF ACCOUNTING POLICY

##### *Change of policy involving change of value*

#### **872 Adjustments in respect of change U.K.**

- (1) This section and section 873 apply if—
  - (a) as a result of the change of accounting policy there is a difference (“the accounting difference”) between—
    - (i) the accounting value of an intangible fixed asset of the company at the end of the earlier period, and
    - (ii) the accounting value of that asset at the beginning of the later period, and
  - (b) no election has been made in respect of the asset under section 730 (writing down at fixed rate: election for fixed-rate basis).
- (2) If there is an increase in that value, a corresponding credit must be brought into account for tax purposes in the later period.
- (3) If there is a decrease in that value, a corresponding debit must be brought into account for tax purposes in the later period.
- (4) The amount of the credit or debit is—

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*Changes to legislation:* Corporation Tax Act 2009, Cross Heading: Change of policy involving change of value is up to date with all changes known to be in force on or before 24 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

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$$D \times \frac{WDVE}{AVE}$$

where—

D is the accounting difference,

WDVE is the tax written-down value of the asset at the end of the earlier period, and

AVE is the accounting value of the asset at the end of the earlier period.

- (5) But if subsection (2) applies, the credit must not exceed—
- (a) the sum of debits brought into account for tax purposes in respect of the asset before the later period, less
  - (b) the sum of the credits so brought into account.
- (6) This section is subject to section 878 (exclusion of credits or debits brought into account under other provisions).

### **873 Effect of application of section 872 in later period and subsequently U.K.**

- (1) A credit or debit that is required to be brought into account under section 872 is treated as arising at the beginning of the later period (“the relevant time”).
- (2) If a credit is to be brought into account, the tax written-down value of the asset at the relevant time is the sum of—
  - (a) the tax written-down value of the asset at the end of the earlier period, and
  - (b) the credit.
- (3) If a debit is to be brought into account, the tax written-down value of the asset at the relevant time is—
  - (a) the tax written-down value of the asset at the end of the earlier period, less
  - (b) the debit.
- (4) After the relevant time the cost recognised for tax purposes is the sum of—
  - (a) the tax written-down value given by subsection (2) or (3), and
  - (b) the cost recognised for tax purposes of any subsequent expenditure on the asset that is capitalised for accounting purposes.
- (5) After the relevant time the tax written-down value is determined taking account only of subsequent credits and debits.

**Changes to legislation:**

Corporation Tax Act 2009, Cross Heading: Change of policy involving change of value is up to date with all changes known to be in force on or before 24 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.

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

- Blanket amendment words substituted by [S.I. 2011/1043 art. 34](#)

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

- s. 322(2A)(zb) inserted by [2016 c. 24 s. 73\(5\)](#)
- s. 1058B(5)(ea) inserted by [2023 c. 20 Sch. para. 57](#)
- s. 1094(2A)-(2C) inserted by [2012 c. 14 Sch. 3 para. 13\(3\)](#)
- s. 1106(4A)-(4C) inserted by [2012 c. 14 Sch. 3 para. 14\(3\)](#)