

## **1 Intangible fixed assets: pre-FA 2002 assets**

- (1) Chapter 16 of Part 8 of CTA 2009 (pre-FA 2002 assets) is amended as follows.
- (2) In section 882 (application of Part 8 to assets created or acquired on or after 1 April 2002), after subsection (5) insert –
  - “(5A) References in this section to one person being (or not being) a related party in relation to another person are to be read as including references to the participation condition being met (or, as the case may be, not met) as between those persons.
  - (5B) References in subsection (5A) to a person include a firm in a case where, for section 1259 purposes, references in this section to a company are read as references to the firm.
  - (5C) In subsection (5B) “section 1259 purposes” means the purposes of determining under section 1259 the amount of profits or losses to be allocated to a partner in a firm.
  - (5D) Section 148 of TIOPA 2010 (when the participation condition is met) applies for the purposes of subsection (5A) as it applies for the purposes of section 147(1)(b) of TIOPA 2010.”
- (3) In section 894 (preserved status condition etc), after subsection (6) insert –
  - “(6A) Section 882(5A) to (5D) applies for the purposes of section 893 and this section.”
- (4) In section 895 (assets acquired in connection with disposals of pre-FA 2002 assets), at the end insert –
  - “(5) Section 882(5A) to (5D) applies for the purposes of this section.”
- (5) The amendments made by this section have effect in relation to accounting periods beginning on or after 25 November 2015.
- (6) For the purposes of subsection (5), an accounting period beginning before and ending on or after 25 November 2015 is to be treated as if so much of the accounting period as falls before that date, and so much of the accounting period as falls on or after that date, were separate accounting periods.
- (7) An apportionment for the purposes of subsection (6) must be made –
  - (a) in accordance with section 1172 of CTA 2010 (time basis), or
  - (b) if that method produces a result that is unjust or unreasonable, on a just and reasonable basis.

## **2 Intangible fixed assets: transfers treated as at market value**

- (1) In section 845 of CTA 2009 (transfer between company and related party

treated as at market value), after subsection (4) insert –

- “(4A) References in subsection (1) to a related party in relation to a company are to be read as including references to a person in circumstances where the participation condition is met as between that person and the company.
  - (4B) References in subsection (4A) to a company include a firm in a case where, for section 1259 purposes, references in subsection (1) to a company are read as references to the firm.
  - (4C) Section 148 of TIOPA 2010 (when the participation condition is met) applies for the purposes of subsection (4A) as it applies for the purposes of section 147(1)(b) of TIOPA 2010.
  - (4D) Subsection (4E) applies where –
    - (a) a gain on the disposal of an intangible asset by a firm is a gain to be taken into account for section 1259 purposes, and
    - (b) for those purposes, references in subsection (1) to a company are read as references to the firm.
  - (4E) Where this subsection applies, the gain referred to in subsection (4D)(a) is to be treated for the purposes of this section as if it were a chargeable realisation gain for the purposes of section 741(1) (meaning of “chargeable intangible asset”).
  - (4F) In this section, “section 1259 purposes” means the purposes of determining under section 1259 the amount of profits or losses to be allocated to a partner in a firm.”
- (2) The amendment made by this section applies in relation to a transfer which takes place on or after 25 November 2015, unless it takes place pursuant to an obligation, under a contract, that was unconditional before that date.
  - (3) For the purposes of subsection (2), an obligation is “unconditional” if it may not be varied or extinguished by the exercise of a right (whether under the contract or otherwise).