

Beta This part of GOV.UK is being rebuilt – [find out what beta means \(/help/beta\)](#)

HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
([/government/organisations/hm-revenue-customs](#))

Published 11 March 2016

Updated: 10 September 2025 - [See all updates](#)

[Back to contents](#)

CIRD164000 - R&D Tax Reliefs: reformed reliefs: contracted out R&D: group election

Two group companies can make a revocable joint election under CTA09/S1142(5). The effect of this election is that:

- In respect of any R&D contracted out by one to the other, the one contracting R&D out is to be treated as an ineligible company
- Where relief would not otherwise be available for activity undertaken by the contractor,

because it is not R&D in that company's hands, but it is R&D for the customer, the activity is treated as if it were R&D for the contractor

There is no limit to the number of elections that can be made by companies in a given group.

Background and purpose

The group election is a relaxation intended to enable groups in which the R&D is carried on by specified companies (i.e. contractors) on behalf of other group companies (customers) which have previously claimed relief for this under RDEC to continue to do so. (An overseas member of the group will in any case be ineligible so this election would not be necessary for a claim to be possible in principle, although the companies may still wish to make one in order to benefit from the deeming referred to above).

The election will not affect the ability of the company contracting out R&D (Company A) to claim for any other R&D (i.e. R&D undertaken on its own behalf, or contracted to another person other than the named group members).

Alternatively, without an election, the effect of CTA09/S1133 could be to consolidate the claims in the hands of A, avoiding the need to submit many claims across the group.

Please note that the provisions for dispersed R&D in the old RDEC scheme under CTA09/S104W (see [CIRD89720 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird89720\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird89720)) do not apply to new RDEC or enhanced R&D intensive support (ERIS).

Example

In a large group, Company A commissions a number of R&D projects carried on by Companies B, C and D, which have all previously claimed RDEC, in some cases making use of the previous deeming which allowed A's R&D to be R&D of B, C or D. Following introduction of the new rules in

CTA09/S1133, A, B, C and D jointly write to the group's CRM, electing that A should be treated as an ineligible company in respect of any R&D commissioned by it from B, C or D. The election is made before B, C or D make their first claims under the new rules.

How an election is made

The election must be made by notice in writing to an officer of Revenue and Customs either before or at the same time as any claim that depends on it. Once made, it is valid until either:

- either party revokes the election by a further written notice or
- the companies are no longer in the same group

Meaning of “group company”

The definition is given at CTA09/S1140A, which provides that:

For the purposes of this Part, a company is in the same group as another company if those companies are in the same group for the purposes of Part 5 of CTA 2010.

This is the same definition used for group relief. Guidance on how a group relationship between companies is established for group relief purposes can be found in the Company Taxation Manual at [CTM80151 \(https://www.gov.uk/hmrc-internal-manuals/company-taxation-manual/ctm80151\)](https://www.gov.uk/hmrc-internal-manuals/company-taxation-manual/ctm80151).



OGI

All content is available under the [Open Government Licence v3.0](#), except where otherwise stated



© Crown copyright