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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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Published 11 March 2016

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

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CIRD60015 - Land Remediation Relief: Outline: From 1 April 2009 - Land in a contaminated state

This is an outline of the scheme as it applies for expenditure incurred on or after 1 April 2009 on cleaning up land acquired in a contaminated state.

Land Remediation Relief is a relief from corporation tax only. It provides a deduction of 100%, plus an additional deduction of 50%, for qualifying expenditure incurred by companies in

cleaning up land acquired from a third party in a contaminated state.

Land or buildings are in a contaminated state if there is contamination present as a result of industrial activity such that:

- it is causing relevant harm; or
- there is a serious possibility that it could cause relevant harm, or
- it is causing, or there is a serious possibility that it could cause, significant pollution in the groundwater, streams, rivers or coastal waters

“Relevant harm” includes significant adverse impact on the health of humans or animals or damage to buildings that has a real impact on the way the building is used.

Qualifying expenditure includes the cost of establishing the level of contamination, removing the contamination or containing it so that the possibility of relevant harm is removed. There is, however no relief if the remediation work is not carried out.

Land Remediation Relief is available for both capital and revenue expenditure. However, the company must elect, within two years of the end of the accounting period in which the expenditure is incurred, to treat qualifying capital expenditure as a deduction in computing taxable profits.

In addition to the deduction for the cost of the land remediation, the company can claim an additional deduction in computing its taxable profits. This additional deduction is 50% of the qualifying expenditure. A company can claim this additional deduction at any time within the general time limit for claims under Corporation Tax Self-Assessment. HMRC does not specify any particular form for the claim. A computation reflecting the claim and submitted in time is sufficient. The 50% additional relief is given in the same period as the actual expenditure is charged to the profit and loss account.

A company that makes a loss can surrender that part of the loss that is attributable to Land Remediation Relief in return for a cash payment (a tax credit) from the Government. A claim for a Land Remediation Tax Credit must be made in a CT self-assessment or amended self-assessment.

This is only an outline of the scheme. More detailed guidance on Land Remediation Relief is at [CIRD60050 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird60050\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird60050) onwards.

A summary of how the scheme applies to arsenic, radon and Japanese knotweed is at [CIRD60025 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird60025\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird60025).

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