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HMRC internal manual

Corporate Intangibles Research and Development Manual

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

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CIRD81200 - R&D tax relief: conditions to be satisfied: company subject to CT

Claimant must be a company

The SME and RDEC R&D schemes dealt with in this manual only apply to companies. This is made clear in CTA09/S1039(3)

‘Company’ for these purposes follows the meaning given in CTA10/S1121, i.e. any body corporate or unincorporated association but does not include a partnership, a local authority or a local authority association.

The company must be subject to CT

The requirement that the relief is for an accounting period, in combination with the requirement that the expenditure must be deductible in computing the profit for tax purposes, means that the relief is only available for companies within the charge to CT in respect of profits charged to CT.

An overseas permanent establishment of a UK company can qualify for the relief, but the permanent establishment must be within the charge to CT, and the R&D must be relevant to a trade within the charge to CT. This principle extends (with necessary modifications) to UK permanent establishments of foreign companies.

Joint ventures and partnerships

Companies may also carry out R&D in a joint venture. In these circumstances the company bears its own expenditure, and the treatment is the same as if the expenditure had not been incurred in a joint venture. For companies in partnerships see [CIRD81220](#)

(<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird81220>) and [CIRD89850](#) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird89850>).

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