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HMRC internal manual

Corporate Intangibles Research and Development Manual

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CIRD91200 - R&D tax relief: SME definition: enterprises

What is an enterprise

It should be recognised that the term ‘enterprise’ as used in the European recommendation is a broad term covering much more than a person carrying on a taxable trade. An enterprise is any entity engaged in an economic activity, irrespective of its legal form.

EC Recommendation 2003/361/EC defines an enterprise as:

‘...any entity engaged in an economic activity, irrespective of its legal form. This includes, in particular, self-employed persons and family businesses engaged in craft or other activities, and partnerships or associations regularly engaged in an economic activity’.

We are most likely to be concerned with companies, but the term can also cover charities, universities, statutory bodies, government and the like. So, for example, a company owned by a large charity can fail the SME test, because the charity is an enterprise.

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