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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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CIRD190000 - R&D Tax Reliefs: reformed reliefs: exempt foreign permanent establishments

Expenditure attributable to an exempt foreign permanent establishment cannot be qualifying expenditure under either Chapter 1A (new RDEC) or Chapter 2 (ERIS), because it fails Condition D of CTA09/S1052, CTA09/S1053, S1042D, and S1042E (see [CIRD131000 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird131000\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird131000)).

CTA09/1138B provides that expenditure is attributable to an exempt foreign permanent establishment for a given accounting period if:

- an election under CTA09/S18A applies to the period

AND

- the expenditure is brought into account in calculating a relevant profits amount or a relevant losses amount for the purposes of CTA09/S18A as it applies in relation to the period

CTA09/S18A is outside of the scope of this guidance. Please refer to guidance in the International Manual at [INTM280000](#) (<https://www.gov.uk/hmrc-internal-manuals/international-manual/intm280000>) and following.

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