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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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CIRD89750 - R&D Tax reliefs: R&D expenditure credit (RDEC) scheme: R&D contracted to a SME

Chapter 6A CTA 2009 S104C to E

See [CIRD81470 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird81470\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird81470)

To qualify under the expenditure credit scheme the R&D must be contracted out to the SME by:

- a large company, or
- any person otherwise than in the course of carrying on a chargeable trade. (A chargeable trade is a trade, profession or vocation carried on wholly or partly in the United Kingdom, the profits of which are chargeable to income tax under Chapter 2, of Part 2 of ITTOIA 2005, or chargeable to corporation tax under Chapter 2 of Part 3 of CTA 2009)

The expenditure must be relevant R&D for the SME ([CIRD81400](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird81400) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird81400>)) and be revenue expenditure incurred on either:

- consumable items [CIRD82300](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird82300) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird82300>),
- software [CIRD82500](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird82500) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird82500>),
- staffing costs [CIRD83000](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird83000) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird83000>),
- externally provided workers [CIRD84000](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird84000) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird84000>),
- subjects of clinical trials [CIRD84400](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird84400) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird84400>).

Or, work contracted by the SME company to be directly carried out by:

- a qualifying body (see [CIRD82200](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird82200) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird82200>)), or
- an individual, or

- a partnership, each member of which is an individual.

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