

Beta This part of GOV.UK is being rebuilt – [find out what beta means \(/help/beta\)](#)

HMRC internal manual

Corporate Intangibles Research and Development Manual

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

Published 11 March 2016

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

[Back to contents](#) > [CIRD80000](#) > [CIRD81000](#)

CIRD81805 - R&D tax relief: conditions to be satisfied: restriction of nominations and assignments

Explanation of terms

Nomination is a service offered by HMRC to Corporation Tax (CT) taxpayers, where repayments of CT or payments of payable tax credit are made to a nominated third party — “the nominee” — (for example, an agent) instead of being made directly to the company.

An **assignment** gives a third party a property right over a payment. This is usually a written document in a prescribed form (a “statutory assignment”). The existence of an equitable assignment can also be established by a court judgement.

Restriction of nominations (CTA09/S1142D)

For claims made on or after 1 April 2024, HMRC will generally only pay out an amount of R&D tax credit or RDEC (hereafter “R&D tax credit payments”) direct to the claimant company. Claimant companies will need to supply their own payment details on the CT600.

Exceptions

This rule does not apply if:

- the nominee is a **connected party**
OR
- there are **exceptional circumstances**

Connected party nominees

Legislation at s1122 CTA10 determines whether or not an individual or company is connected to the claimant. Guidance is available in the Corporate Intangibles Research and Development (CIRD) manual at [CIRD82150 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird82150\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird82150).

Exceptional circumstances

HMRC has discretion to continue to pay to a nominee if an officer is satisfied that **exceptional circumstances** make payment to the claimant company **impracticable** or **inconvenient**. You do not need to consider this exception if the connected party exception applies.

These terms are not defined in statute, and so take their ordinary meaning.

- “exceptional circumstances” are circumstances which are unusual or atypical
- “impracticable” means that payment cannot be made
- “inconvenient” takes its ordinary meaning

If it is **impracticable** to make a payment, this would be exceptional if the reason persists for any significant length of time. Payment to a claimant company will generally be considered impracticable where the exceptional circumstances last for a significant length of time. Cases will be considered on a case-by-case basis and the length of time will depend on the circumstances of the particular case. However, generally 6 months may be considered the benchmark.

Exceptional circumstances making payment to a claimant company **inconvenient** exist where it is unusually expensive or difficult for the claimant company to receive payment directly. This will include circumstances where all directors of the claimant company have a religious objection to the use of a bank account and this can be evidenced. This will not generally include circumstances where the claimant company has entered into an ordinary commercial agreement with a nominee unless there are exceptional circumstances which also apply, making payment to the claimant company unusually expensive or difficult.

If you think one of the exceptions applies to you

You will need to write to us with:

- Payment details for the nominee you wish us to use.
- A clear statement that this nominee is to be used wholly or partly for R&D tax credit payments. If you don't make this clear, this could delay your payment.

- The exception that applies.
- Either:
 - Evidence that your preferred nominee is a **connected party**

OR

- Evidence that **exceptional circumstances** apply
- AND
- Where known, an indication of how long these circumstances are likely to persist

For Large Business customers, the postal address is:

Large Business, Newcastle, NE98 1ZZ

For all other customers, the postal address is:

Corporation Tax Services, HM Revenue
& Customs, BX9 1AX

You or your agent should use company letterheaded paper. The letter should be signed, as applicable, either by a current director of the company or by the 64-8 agent.

If an exception applies, we will process your payment to your preferred nominee. If it does not apply, we will make payment direct to you if we have suitable details to do so or write to you explaining that we do not have suitable details. In exceptional circumstances cases, we will write to you to explain our decision. There is no right of appeal.

If we process your payment, you won't need to resubmit evidence for future claims unless your circumstances change or they continue beyond the date HMRC deems they will have ceased to apply. For circumstances which are ongoing, it will be sufficient to confirm that a statutory exception still applies.

If your circumstances change

You must inform HMRC. Where exceptional circumstances cease, or your nominee ceases to be connected to you, HMRC will no longer be able to make payment. You will have to provide your own payment details.

Nature of evidence to be provided

If exceptional circumstances apply, you must explain what the circumstances are, and why you meet the statutory exception. If you know how long the circumstances are likely to persist, you should set this out with supporting reasons. You may wish to include copies of relevant documents.

If the connected party exception applies, it is sufficient to detail the circumstances which give rise to the connection. So, for example, where connection arises through common control or a parent-subsidiary / group relationship, it is sufficient to state this, and to set out the names of the parties involved and their relationship one to another.

For more complex cases of connection, for example, connection arising in relation to a settlement or trust, you may wish to include copies of relevant documents.

When is a claim made?

A claim is **made** when the first original return or an amendment to a return is submitted containing the claim, even if that claim is subsequently amended.

While a subsequent amendment for the same accounting period which varies the amount of a claim is not a new claim, a claim made after a previous claim has been withdrawn is a new claim, and is made when that new claim is submitted.

Example 1

A company submits its claim to R&D tax credit in its original return for the accounting period ended 31 January 2024, which it submits on 1 April 2024. The claim is made on 1 April 2024, and the nominations restrictions apply.

Example 2

A company submits its claim to R&D expenditure credit in its original return for the accounting period ended 31 December 2023 on 31 January 2024. It subsequently amends its claim on 30 May 2024. Neither the original claim nor the amended claim are subject to the nominations restrictions.

Example 3

The company from example 2 then withdraws its claim in a further amendment to its return for the same accounting period (ended 31 December 2023). Following a change in senior management, the decision is taken to reinstate the claim by further amendment. The amendment giving effect to this is submitted on 31 December 2025. The nominations restrictions apply.

Restriction of assignments (CTA09/S1142C)

New assignments of R&D tax credit payments made on or after 22 November 2023 are void. This does not apply if the assignment was made to carry out an agreement that was entered into before 22 November 2023.

In practice, this measure should have no effect for the vast majority of claimants.

Where a claimant company has made an assignment of an amount of R&D tax credit (RDTC) or R&D expenditure credit (RDEC) to a third party on or after 22 November, it can still nominate the third party to receive the payment if it makes its claim before 1 April 2024.

If exceptionally:

- a claim to an amount of payable RDTC or RDEC is made before 1 April 2024
- evidence of a statutory or equitable assignment of all or part of this payment is submitted to HMRC
- that assignment was made on or after 22 November 2023 and is void under CTA09/S1142C
- no nominee details are supplied on the CT600, or otherwise by separate letter

HMRC will write to the claimant asking it to advise us of its intentions. Either:

- the claimant can supply nominee details, and we will make payment to the assignee as a nominee
OR
- HMRC will make payment direct to the claimant

Legacy assignments

Where an assignment has been made before 22 November 2023, or where an assignment is made after that date to carry out an agreement entered into before that date, we will continue to make payments to the assignee, even for claims submitted on or after 1 April 2024. For these purposes, nominee details can be supplied on the CT600 for the assignee. You must provide evidence of the assignment.

Scope of measures

The restrictions on the use of nominations and assignments apply only to payments of R&D tax credit and R&D expenditure credit. They do not apply to general CT repayments, even where these result from an R&D claim.

← **Previous page**

(/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird81800)

→ **Next page**
(/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird81900)



OGI

All content is available under the [Open Government Licence v3.0](#), except where otherwise stated



© Crown copyright