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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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CIRD80250 - R&D tax relief: introduction: comparison of the basic features of the two schemes

This is a simplified comparison of the two schemes.

SME Scheme

- An enhanced rate of deduction for qualifying expenditure on R&D incurred between the following dates: -

- 1 April 2000 and 31 July 2008 - 150%;
- 1 August 2008 and 31 March 2011 - 175%;
- 1 April 2011 and 31 March 2012 - 200%;
- 1 April 2012 and 31 March 2015 - 225%;
- 1 April 2015 - 230%
- For each £100 of qualifying expenditure on R&D incurred between the following dates, a payable credit of up to: -
 - 1 April 2000 and 31 July 2008 - £24;
 - 1 August 2008 and 31 March 2011 - £24.50;
 - 1 April 2011 to 31 March 2012 - £25; 1 April 2012 to 31 March 2014 - £24.75;
 - 1 April 2014 to 31 March 2015 - £32.63;
 - 1 April 2015 to date - £33.35
- Company can claim for expenditure on R&D it sub-contracts to others
- Company cannot claim for contributions to independent research
- Claim can be reduced if the R&D project is subsidised or a grant is received in respect of it
- The condition requiring ownership of the intellectual property arising out of the R&D has been abolished for accounting periods ending on or after 9 December 2009.

Large Company Scheme

- 125% rate of enhanced deduction to 31 March 2008 and a 130% rate of enhanced deduction thereafter
- No payable credit
- Company can only claim for expenditure on R&D it carries out itself, unless it sub-contracts R&D to certain qualifying bodies, individuals or partnerships of individuals
- Company can claim for contributions to independent research. No reduction for grant or

subsidy

- Company need not own the intellectual property arising out of the R&D.

Research and Development Expenditure Credit (from 1 April 2013)

- The benefit is given by way of a taxable payable tax credit (rather than an enhanced deduction).
- The payable credit is a percentage of the qualifying expenditure. For example the rate was 10% from 1 April 2013 until 31 March 2015, and during that time £1000 qualifying expenditure would attract a taxable payment of £100.
- The last three bullet points under the heading 'Large Company Scheme' above also apply to these claims.

Further guidance

For more detailed guidance follow the links at [CIRD80300 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird80300\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird80300).

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