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## HMRC internal manual

# Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)  
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## CIRD98400 - R&D tax relief: legislative structure and time line: FA04 changes

### New definition of R&D

As mentioned at [CIRD98050](#) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird98050>) the new definition came into force for accounting periods ending on or after 1 April 2004. While it is intended to make the meaning of R&D clearer it is not considered to materially change the definition of R&D; only to

express it more simply and in a more structured way.

## Changes to consumable stores and introduction of software

FA04/S141 introduced new categories of qualifying expenditure to replace consumable stores. These are expenditure on 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)) and 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)).

These provisions come into force for expenditure on or after 1 April 2004.

## When R&D revenue expenditure can be deducted

FA04/S53 (now CTA09/S1308) introduced a change to the rules for when expenditure can be eligible for the R&D tax relief, the change is given effect for expenditure incurred in accounting periods beginning on or after 1 January 2005 by a statutory instrument (SI2004/3268).

The effects are explained more fully at [CIRD81450 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird81450\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird81450). The reason for this change was to prevent the adoption of IAS from delaying the availability of R&D tax relief ([CIRD98500 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird98500\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird98500)). The change applies whether the revenue expenditure is recognised as an intangible asset under IAS or under UK GAAP.

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