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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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CIRD83800 - R&D tax relief: categories of qualifying expenditure: employee partly engaged on R&D

For expenditure incurred on or after 9 April 2003 (large companies) or on or after 27 September 2003 (SME companies)

An appropriate proportion of the staffing cost can be qualifying expenditure if the director or

employee is only partly directly and actively involved in relevant R&D, CTA09/S1124(4).

For expenditure incurred before 9 April 2003 (large companies) or before 27 September 2003 (SME companies)

- if a person was directly and actively involved in relevant R&D for less than 20% of their working time none of their staffing cost could be qualifying expenditure,
- if a person was directly and actively involved in relevant R&D for more than 80% of their working time all of their staffing costs could be qualifying expenditure,
- Otherwise an appropriate proportion of the staffing cost for a person directly and actively involved in relevant R&D could be qualifying expenditure. (CTA09/Sch2 Paras 113, 121, 123).

This 80:20 arrangement was designed to simplify record keeping for those staff with only a small amount of their time needing to be examined critically. It was abandoned as a result of representations from companies that these requirements were not compatible with the way their accounting system interacted with the staffing records.

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Accounting periods straddling the respective change dates

HMRC officers should be willing to adopt a pragmatic approach in the transitional period to facilitate reasonable passage through the change.

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