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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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## CIRD89910 - R&D Tax reliefs: R&D expenditure credit (RDEC) scheme: notes to R&D expenditure credit (RDEC) for examples 1-4

Please use these notes for all three examples.

1. Any amount used at Step 1 does not reduce the corporation tax liability but reduces the amount a company has to pay for the year.
2. Step 2 is intended to ensure that all companies receive the same net benefit. If in year 1 the

credit is not fully taxed in the company tax computation, then the payable element is restricted and available for carry forward against later years liability ( i.e. only available at Step 1 and not subject to any further restrictions at Steps 2 and 3).

3. An alternative to carrying forward the restricted amount can be to surrender the amount to a group company for the same corresponding period. So a group surrender can either be made at Step 2 (for a non-cash amount) or Step 5 (as an alternative to receiving a cash sum).
4. If an amount is restricted at Step 3 then the sum is carried forward and added to any credit for the following period and subject to all of the steps at S104N.
5. For simplicity, in each of the examples that follow the RDEC is shown as Other Income. There may be situations where the RDEC is accrued income (for example). In practice this will depend on the particulars of each case.
6. The RDEC is taxable at the main rate for CT.

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