

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](#) > [CIRD60000](#) > [CIRD60050](#) > [CIRD63000](#) > [CIRD63100](#)
> [CIRD63105](#)

CIRD63135 - Land Remediation Relief: Qualifying Land Remediation Expenditure: Subsidised expenditure - compensation

FA01/SCH22/PARA8

CTA09/S1177

Land Remediation Relief is not available where the cost of removing the contamination is covered by compensation received from a third party.

Example

“A Ltd acquires a plot of land for development. It discovers that the site has been contaminated by chemicals being carried onto the site from an adjoining factory owned by B Ltd, an unconnected party.”

“A Ltd spends £150,000 on cleaning up the contamination and installing a barrier to prevent further contamination.”

“A Ltd seeks compensation from B Ltd. After negotiations B Ltd agrees to settle the claim in full.”

“A Ltd cannot claim Land Remediation Relief as all the expenditure has been met by B Ltd.”

Example

“A Ltd is considering acquiring a plot of land for development. It engages the services of Surveyor B, who advises that there is no contamination on the site.”

“On commencing work, A Ltd discovers that waste containing asbestos has been buried on the site and spends £100,000 on removing the asbestos.”

“A Ltd seeks compensation from Surveyor B. After negotiations A Ltd accepts an offer in settlement of £50,000.”

“A Ltd can only claim Land Remediation Relief on £50,000 of the total expenditure of £100,000 as the other £50,000 has been met by Surveyor B.”

Example

“A Ltd is considering acquiring a plot of land for development. It engages the services of Surveyor B, who advises that there is no contamination on the site.”

“On commencing work, A Ltd discovers that waste containing asbestos has been buried on the site and spends £100,000 on removing the asbestos.”

“A Ltd seeks compensation from Surveyor B. The negotiations are continuing when the accounts are prepared. Based on the position at the time the accounts are signed off, A Ltd deducts £75,000. A Ltd submits its return claiming LRR on £75,000. Subsequently A Ltd accepts an offer in settlement of £50,000.”

“A Ltd’s initial claim for LRR on £75,000 reflects the position at the time the claim was made, however the circumstances changed. This means that the claim has become excessive as following the agreement with Surveyor B, a further £25,000 has been met by Surveyor B.”

“A Ltd must revise its claim down so that it claims LRR on £50,000 instead of on £75,000.”

“The deduction in the accounts for £75,000 is unaffected as it reflects the position at the time the accounts were approved. The £25,000 received from Surveyor B will be reflected in the accounts for a later period.”

“If within the time limit for amending the return for the year of claim, A Ltd should submit an amended self-assessment. Otherwise HMRC can make a discovery assessment as the claim has become excessive.”

← **Previous page**
(/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird63130)

→ **Next page**
(/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird63140)



OGI

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



© Crown copyright