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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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## CIRD82150 - R&D tax relief: categories of qualifying expenditure: connected persons

Connected person takes the meaning given by CTA2010/S1122.

The question of whether a company has entered into transactions with connected persons has specific relevance to an R&D tax relief claim where a claim is made in respect of expenditure on:

- contributions to independent research  
[CIRD82200 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird82200\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird82200)
- externally provided workers [CIRD84050 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird84050\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird84050)
- subcontracted R&D activities [CIRD84200 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird84200\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird84200)

Connected has the meaning given by CTA2010/S1122 - broadly:

1 - A company is connected with another company if:

- the same person has control of both, or a person (person A) has control of one and persons connected with person A, or person A and persons connected with person A, have control of the other; or
- a group of two or more persons has control of each company, and the groups either consist of the same persons or could be regarded as consisting of the same persons by treating (in one or more cases) a member of either group as replaced by a person (person A) with whom person A is connected

2 - A company is connected with another person if that person (person A) has control of it or if person A and persons connected with Person A together have control of it.

3 - Any two or more persons acting together to secure or exercise control of a company are treated in relation to that company as connected with one another and with any person acting on the directions of any of them to secure or exercise control of the company.

4 - A person is connected with:

- an individual if that person is the individual's spouse or civil partner, or is a relative, or the spouse or civil partner of a relative, of the individual or of the individual's spouse or civil partner
- any person (person A) with whom person A is in partnership, and with the spouse or civil partner or relative of any individual with whom person A is in partnership

It is also possible to be connected via settlements and trusts CTA2010/S1122 (6).

## Transfer Pricing

Where connected persons engage in transactions between themselves it may be necessary to consider transfer pricing implications. But transfer pricing rules do not displace the limits on expenditure for subcontracted R&D between connected persons.

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