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Corporate Intangibles Research and Development Manual

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CIRD75500 - VRR: qualifying expenditure: on contributions to independent R&D FA02/SCH13/PARA12

Section 27 of FA 2008 repealed paragraph 12 of Schedule 13 FA 2002 and as a result of this, expenditure incurred by companies on or after 1 August 2008 on contributions to independent R&D will no longer attract VRR.

Companies can of course make VRR claims in respect of expenditure incurred on or before 31 July 2008.

Relief is due if payments are made to:

- a charity,

- a university, or

- a scientific research association,

for the purposes of funding qualifying R&D activity carried on by the body in question.

The R&D activity must be related to a trade carried on by the company [CIRD75300 (https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird75300)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird75300). For example, a company that manufactures vaccine may give a contribution to a charity that is carrying out research into a new AIDS vaccine. If it does that, the company may claim VRR on the contribution.

There is a definition of charity in ICTA88/S506 (1) and scientific research organisation in ICTA88/S508 and those are the definitions that you should use. The effect of these is to restrict charities & scientific research organisations to bodies located in the UK. There is no similar restriction in the case of universities.

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