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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](#)

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CIRD75950 - VRR: refunds of contributions and subcontract payments FA02/SCH13/PARA25

A company that has made payments for sub-contracted R&D [CIRD75400](#)
(<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird75400>) or made contributions to independent R&D [CIRD75500](#)
(<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird75500>)

[manual/cird75500](#)) may receive a refund of all or part of the payment or contribution.

If it does treat the appropriate amount as Case I income.

There is one exception to this. If the company is an insurance company that has received relief by treating the payment or contribution as a deduction in calculating the profits chargeable to tax Case VI treat the appropriate amount as Case VI income.

For SMEs the appropriate amount is:

- 50% of the refund where the payment qualified for R&D tax credits for SMEs, and
- 150% of the refund in other cases.

For large companies the appropriate amount is:

- 50% of the refund where the payment could be deducted in computing trading profits, and
- 150% of the refund in other cases.
- For both SMEs and large companies the appropriate amount in respect of expenditure incurred on or after 1 August 2008 is 40% or 140% as appropriate.

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