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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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## CIRD81400 - R&D tax relief: conditions to be satisfied: relevant R&D CTA09/S1042

Relevant research and development for a company is research and development:

- related to a trade that the company carries on, or
- from which it is intended that a trade to be carried on by the company will be derived.

R&D related to a trade includes, but is not limited to:

- any R&D which may lead to or facilitate an extension of the trade, and
- medical research that has a special relation to the welfare of workers employed in that trade; for example research into an occupational disease.

Medical research that has a special relation to the welfare of workers employed in a trade does not include research undertaken for the benefit of the community as a whole.

Medical research undertaken for the benefit of the community as a whole may, however, qualify as R&D that may lead to or facilitate an extension of the trade. For example, medical research undertaken by a drug company for the purpose of its trade may qualify because it is related to its trade of manufacturing drugs.

The carrying out of R&D is not necessarily a trade of itself. Generally a person must enter into contracts to provide goods or services to another person in return for a reward to be trading. Whether activities amount to a trade is considered at [BIM20050 \(https://www.gov.uk/hmrc-internal-manuals/business-income-manual/bim20050\)](https://www.gov.uk/hmrc-internal-manuals/business-income-manual/bim20050) onwards.

HMRC may find that a company carries out R&D prior to commencing to trade. If the R&D is intended to be relevant to its trade then the R&D is relevant R&D. Pre-trading expenditure for SMEs is considered at [CIRD90200 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird90200\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird90200) and for large companies at [CIRD88000 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird88000\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird88000).

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