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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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Published 11 March 2016

Updated: 10 September 2025 - [See all updates](#)

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CIRD75800 - VRR: how relief is given: insurance companies FA02/SCH13/PARA22 - 23

There are special rules for taxing insurance companies and so there are special rules for VRR for them. They apply where the company's profits from life assurance business are taxed under Case III, V or VI Schedule D rather than Case I. If the company is taxed Case I Schedule D the normal rules apply.

If a company carrying on life assurance business qualifies as an SME treat it as not being an SME for VRR purposes.

If an insurance company's profits from life assurance business are calculated on the I minus E basis they are not taxed under Case I Schedule D and you should treat VRR as a management expense.

If there is a category of life assurance business charged under Case VI Schedule D by ICTA88/S436, ICTA88/S439B or ICTA88/S441, give VRR as a deduction in calculating the profits of that category of business.

If the I minus E basis applies do not give a company VRR in any Case I computations that it makes.

This provision mirrors that for the general R&D tax relief.

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