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## HMRC internal manual

# Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)  
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[Back to contents](#) > [CIRD80000](#) > [CIRD80500](#)

## CIRD80540 - R&D tax relief: examining a claim: common errors

Some of the common errors made in R&D tax relief claims are:

- Project activities outside the scope of R&D for tax purposes are included in the claim.
- Expenditure outside the qualifying categories is claimed [CIRD82000 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird82000\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird82000).

- Staffing costs are claimed in respect of people who are not employees of the company [CIRD83000](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird83000) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird83000>). (However, consider whether the expenditure qualifies as expenditure on externally provided workers [CIRD84000](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird84000) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird84000>).)
- Claims are made in respect of overheads that do not qualify as consumable items [CIRD82300](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird82300) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird82300>) or consumable stores [CIRD82450](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird82450) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird82450>).
- Expenditure is claimed on a particular item for a period before it was in a qualifying category [CIRD98900](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird98900) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird98900>).
- Special rules for connected parties are not applied [CIRD82150](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird82150) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird82150>).
- Companies do not recognise they are not SMEs [CIRD91100](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird91100) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird91100>).
- SME's failing to make claims under the Large Company Scheme [CIRD90050](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird90050) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird90050>).

### For the SME scheme only:

- A loss previously surrendered for a payable tax credit is carried forward [CIRD90500](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird90500) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird90500>).

- Unconnected subcontractor expenses are not restricted to 65% [CIRD84200](https://www.gov.uk/hmrc-internal-manuals/cird84200) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird84200>).
- The PAYE & NIC liability for the period in respect of employees of the company is less than the payable tax credit claim [CIRD90500](https://www.gov.uk/hmrc-internal-manuals/cird90500) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird90500>). This restriction is removed for accounting periods ending on or after 1 April 2012
- The amount of surrenderable loss for the purposes of the payable tax credit is not restricted to 150%, or 175% from 1 August 2008, or 200% from 1 April 2011 or 225% from 1 April 2012, or 230% from 1 April 2015 of qualifying expenditure [CIRD90500](https://www.gov.uk/hmrc-internal-manuals/cird90500) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird90500>).
- A payable tax credit claim is made for expenditure that only qualifies under the large company scheme [CIRD90500](https://www.gov.uk/hmrc-internal-manuals/cird90500) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird90500>).
- No account is taken of subsidies or Notified State Aid - [CIRD81650](https://www.gov.uk/hmrc-internal-manuals/cird81650) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird81650>) and [CIRD81670](https://www.gov.uk/hmrc-internal-manuals/cird81670) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird81670>).

← **Previous page**

([hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird80530](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird80530))

→ **Next page**

([hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird80550](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird80550))



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