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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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## CIRD89720 - R&D Tax reliefs: R&D expenditure credit (RDEC) scheme: groups

### [Chapter 6A CTA2009 S104W](#)

See [CIRD87000 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird87000\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird87000)

The RDEC is generally only available where the expenditure is attributable to relevant R&D  
([CIRD81400 \(https://www.gov.uk/hmrc-internal-](#)

[manuals/corporate-intangibles-research-and-development-manual/cird81400](#))) for the company.

The only exception to this is where a company is contracted to do work by a member of the same group. Group takes the meaning in CTA2010 Part 5 Chapter 4 (CTA 2010/S129 onwards) - see [CTM80150 \(https://www.gov.uk/hmrc-internal-manuals/company-taxation-manual/ctm80150\)](#). The companies must be members of the same group at the time the payment is made.

The effect of the group company provision is that when a contractor company and a subcontractor company are members of the same group it is necessary to look at the activities of the contractor and subcontractor together in deciding whether the activities of the subcontractor company are relevant R&D.

Expenditure within any of the categories of qualifying expenditure can be qualifying expenditure for the group company to whom the activities are subcontracted.

### **Example**

One group company may carry out testing procedures for all the other companies in the group. Testing on its own is not relevant R&D but it could be if it was done by a company as part of its own relevant R&D activity. The special rules for groups of companies allow the group company carrying out the testing to claim relief for the qualifying R&D expenditure it incurs in conducting the testing activities.

### **Example**

If the company responsible for the testing instead subcontracts the activity to a qualifying body ([CIRD82250 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird82250\)](#)), then the payment made for undertaking the activity by that group company to the body would be qualifying R&D expenditure.

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