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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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[Back to contents](#) > [CIRD60000](#) > [CIRD60050](#) > [CIRD63000](#) > [CIRD63100](#)

CIRD63215 - Land Remediation Relief: Qualifying Land Remediation Expenditure: Preparatory Activity FA01/SCH22/PARA4 (5)

CTA09/S1146 (4) & CTA09/S1146A (5)

Qualifying land remediation expenditure includes the cost of preparatory activities provided that the company goes on to carry out the remediation.

Preparatory activities are not qualifying land remediation expenditure if the company does not go on to carry out relevant land remediation. This means that the enhanced deduction under Land Remediation Relief is not available. The cost of the preparatory work may be a deduction under the normal rules of computing the profits, see BIM35325.

Preparatory activities are not the same as the type of work sometimes referred to as preliminaries. For guidance on preliminaries see [CIRD63270](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird63270) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird63270>)

Land in a contaminated state

The type of preparatory work that qualifies is work to ascertain the level of contamination in the:

- site itself,
- controlled waters (see [CIRD69001](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird69001) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird69001>)) affected by that land; or
- any land adjoining the site.

The cost of an initial desk study (see [CIRD61260](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird61260) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird61260>)) does not qualify for relief as this cost would have been incurred anyway as part of the planning process. If, as a result of the desk study, contamination is thought to be on the site, then the costs of further work to establish the level of contamination together with the cost of the risk assessment is qualifying preparatory work.

For expenditure incurred on or before 31 March 2009

The controlled waters affected by the land are those where pollution is being caused, or is likely

to be caused, because the land is in a contaminated state.

For expenditure incurred on or after 1 April 2009

The controlled waters affected by the land are those where significant pollution is being caused, or there is a serious possibility of pollution being caused, because the land is in a contaminated state.

Derelict Land

Relevant preparatory work includes work to establish the nature and condition of the structures on the site expenditure on the removal of which may qualify for Land Remediation Relief for derelict land.

For examples of how HMRC approach this issue see [CIRD63220 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird63220\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird63220).

← **Previous page**
(/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird63210)

→ **Next page**
(/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird63220)



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