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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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CIRD87000 - R&D tax reliefs: large company scheme: groups CTA09/S1082

R&D tax relief 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 under the large company scheme where a company is contracted to do work by a member of the same group. Group

takes the meaning in ICTA88 Part10 Chapter 4 (ICTA88/S402 onwards) - see [CTM80150](https://www.gov.uk/hmrc-internal-manuals/company-taxation-manual/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 in paragraph 14 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) (<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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