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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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## CIRD89500 - R&D tax reliefs: Research and Development Expenditure Credit scheme: R&D contracted to an SME -CTA09/S104A(3)(a)

To qualify under the Research and Development Expenditure Credit scheme the R&D must be contracted out to the SME by:

- a large company, or
- a person otherwise than in the course of a trade profession or vocation the profits of which are

chargeable to tax under Case I or II of Schedule D.

The expenditure must be relevant R&D for the SME ([CIRD81400](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird81400) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird81400>)) and be revenue expenditure incurred on either:

- 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>),
- 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>),
- software [CIRD82500](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird82500) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird82500>),
- staffing costs [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>),
- 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>),
- subjects of clinical trials [CIRD84400](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird84400) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird84400>).

Or, work contracted by the SME company to be directly carried out by:

- a qualifying body (see [CIRD82200](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird82200) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird82200>)), or
- an individual, or
- a partnership, each member of which is an individual.

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