HMRC internal manual

Corporate Intangibles Research and Development Manual

From: **HM Revenue & Customs (/government/organisations/hm-revenue-customs)**

Published 11 March 2016

Updated: 10 September 2025 - **See all updates**

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CIRD75700 - VRR: how relief is given: large companies

FA02/SCH13/PARA21

The rules are simpler for large companies because they may not claim vaccine tax credit.

The general rule is that when a company that is carrying on a trade is entitled to VRR the company may claim an additional deduction equal to 50%, reduced to 40% for expenditure incurred on or after 1 August 2008, of the qualifying expenditure for an accounting period.

In the exceptional case where the qualifying expenditure is not deductible in its CT computations the company may have been able to claim a deduction equal to 150% of the qualifying expenditure for the accounting period. For example, a company may incur expenditure on contributing to independent vaccine research that is relevant R&D but is not incurred wholly & exclusively for the purposes of its trade. If so, the company may deduct 150% of its qualifying expenditure in the accounting period in which it is incurred.

However, expenditure incurred on or after 1 August 2008 on contributing to independent vaccine research will no longer attract relief under the VRR scheme.

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