

Beta This part of GOV.UK is being rebuilt – [find out what beta means \(/help/beta\)](#)

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](#)

[Back to contents](#) > [CIRD80000](#) > [CIRD91000](#)

CIRD91800 - R&D tax relief: SME definition: staff headcount, turnover and balance sheet total

Staff headcount, turnover and balance sheet total feature in the EC SME Recommendation tests for both the 2003 Recommendation ([CIRD91400](#) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird91400>)) and the 1996 Recommendation ([CIRD91300](#) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird91300>)).

Staff headcount

To fall with the relevant definition the enterprise's staff headcount must not reach the stipulated ceiling. If it reaches the ceiling, the enterprise cannot fit within the relevant category.

The staff headcount of an enterprise represents the number of full-time person-years attributable to people who have worked within or for the enterprise during the year under consideration. So the contributions of part-time workers, or those who work on a seasonal or temporary basis count as appropriate fractions of a full-time person-year.

For the purposes of the staff headcount test, the term 'staff' includes:

- employees,
- persons seconded to the enterprise,
- owner-managers,
- partners (other than sleeping partners),
- staff on furlough during the Covid-19 pandemic.

Exclusions from staff headcount

For the purposes of calculating staff headcount the following persons and periods should be disregarded:

- apprentices or students engaged in vocational training with an apprenticeship or vocational training contract,
- any periods of maternity or parental leave.

[Top of page](#)

Turnover and balance sheet total

The balance sheet total is the gross amount of assets shown in the accounts.

For the purposes of the turnover test VAT and other indirect taxes are excluded from the figures.

Where accounts have not been drawn up in Euros it is necessary to convert the figures of turnover and balance sheet totals for the purposes of the tests.

Figures to be used

Normally the end of year or balance sheet figures should be taken. In cases where this would produce a seemingly unjust result the circumstances should be referred to Business, Assets and International (Technical).

← Previous page

(/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird91700)

→ Next page

(/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird91900)



OGL

All content is available under the Open Government Licence v3.0, except where otherwise stated



© Crown copyright