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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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Published 11 March 2016

Updated: 10 September 2025 - [See all updates](#)

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CIRD63260 - Land Remediation Relief: Subcontractors: Payments to a connected sub-contractor - relevant expenditure of the sub-contractor

**This section applies to expenditure
incurred on or before 31 March
2009.**

Relevant expenditure of the sub-contractor is
expenditure that is incurred by the sub-contractor

in carrying out the land remediation activities to which the sub-contractor payment relates, that is:

- incurred on employee costs (see [CIRD69005](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird69005) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird69005>)) and materials,
- not of a capital nature, and
- not subsidised (see [CIRD63130](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird63130) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird63130>)).

If a sub-contractor, who is a connected party, in turn further sub-contracts work, then the payment to that sub-contractor does not qualify for relief.

Example

“A Ltd engages the services of a connected party, B Ltd, to construct a new office building. B Ltd then engages the services of a specialist firm, C Ltd, to remove Japanese Knotweed from the site.”

“A Ltd cannot claim Land Remediation Relief in respect of the payment made by B Ltd to C Ltd. B Ltd cannot have relief because they are a subcontractor and it is A Ltd that bears the costs, see [CIRD63140](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird63140) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird63140>).”

“Had A Ltd engaged the services of the specialist firm, C Ltd, itself then it would have qualified for Land Remediation Relief.”

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