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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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CIRD81220 - R&D tax relief: conditions to be satisfied: company as member of partnership

CTA09/S1259

Companies may carry out R&D as members of a partnership see [CIRD89850](#) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird89850>). There are special tax rules for dealing with partnerships that have companies as members in Section 1259. In this case, for the

purposes (only) of calculating the profit attributable to the company, the partnership profit is calculated according to CT rules, as though the partnership were itself a company. This includes giving R&D tax relief when appropriate. These rules do not extend to payable tax credit. Payable tax credit cannot therefore be claimed in respect of this R&D tax relief.

This means that an appropriate proportion of the R&D relief will reach the member company by virtue of the attribution of reduced partnership profits to it in its own CT profit computation.

Because the provisions of Section 1259 only apply for CT purposes, this means that non-company members of the partnership can not access these benefits.

For the R&D to be relevant R&D it must be related to a trade carried on, or intended to be carried on, by the partnership, subject possibly to the rules on group purpose as indicated in [CIRD87000](https://www.gov.uk/hmrc-internal-manuals/cird87000) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird87000>). If the R&D would be relevant R&D for the partnership if it were treated as a company and, under that premise, it would be treated as a member of a group, then the relevant 'R&D for group' tests could be applied.

In any cases where the interpretation of these rules causes problems in arriving at the necessary modifications to allow a partnership to be tested as though it were a company, HMRC officers should seek advice from Business, Assets and International.

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