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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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CIRD63130 - Land Remediation Relief: Qualifying Land Remediation Expenditure: Subsidised Expenditure FA01/SCH22/PARA8

CTA09/S1177

Expenditure that is covered by a grant or subsidy does not qualify for relief. If the grant or subsidy only covers part of the expenditure, the balance

qualifies for relief provided it meets all the other conditions.

This exclusion covers all expenditure met, directly or indirectly, by anyone other than the company (or subcontractor), as well as expenditure met by grants and subsidies. This would include support for staffing costs relating to staff furloughed during the Covid-19 pandemic.

Where the grant, subsidy or payment is not allocated to particular expenditure of the company (or subcontractor), it is to be allocated in a just and reasonable manner.

Example

“A Ltd acquires land that is in a contaminated state, as a fixed capital asset of its trade, from C Ltd at an agreed acquisition cost of £1 million. The agreement also contains a condition that C Ltd will meet up to £100,000 of A Ltd’s land remediation costs. A Ltd engages the services of an unconnected subcontractor to remediate the land at a cost of £150,000.”

“A Ltd’s qualifying land remediation expenditure is £50,000. The additional £100,000 is subsidised by C Ltd. A Ltd can elect for £50,000 to be an allowable deduction in computing its trading profit (or loss). A Ltd can also claim additional Land Remediation Relief of £25,000 in its computation of its trading profit (or loss).”

Example

“B Ltd acquires land that is in a contaminated state from D Ltd, an unconnected party, as a fixed capital asset of its trade, at an agreed acquisition cost of £900,000. B Ltd engages the services of an unconnected sub-contractor to remediate the land at a cost of £150,000.”

“B Ltd’s qualifying land remediation expenditure is £150,000 and it can elect for that amount to be an allowable deduction in computing its trading profit (or loss). B Ltd can claim additional Land Remediation Relief of £75,000 in its computation of trading profit (or loss).”

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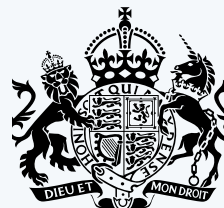
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