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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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CIRD85050 - R&D tax reliefs: large company scheme: overview

Expenditure incurred on or after 1 April 2016 cannot be the subject of claims within this large company scheme.

FA02 introduced R&D tax relief for large companies. The relief is available for qualifying R&D expenditure ([CIRD81500](#) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird81500>)) incurred on or after 1 April 2002 provided the qualifying expenditure on R&D for

that period is not less than the required minimum ([CIRD81600 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird81600\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird81600)). The conditions to be satisfied are dealt with at [CIRD81000 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird81000\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird81000) and the categories of qualifying expenditure are dealt with at [CIRD82000 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird82000\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird82000).

A company is a large company if it does not qualify as an SME ([CIRD91100 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird91100\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird91100) onwards). A SME can obtain relief under the large company scheme in certain circumstances ([CIRD88500 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird88500\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird88500)).

Claims by a SME

Where a SME company is entitled to R&D tax relief for an accounting period under the large company scheme it can make a claim to deduct an extra 25%, or 30% for expenditure incurred on or after 1 April 2008, of its qualifying R&D expenditure for that accounting period when it calculates its trading profits. There is no option for a payable credit as there is within the SME scheme.

Features particular to the large company scheme

A large company cannot generally claim expenditure on subcontracted R&D as qualifying expenditure [CIRD84200 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird84200\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird84200).

Subject to certain conditions, a large company can claim payments made as contributions to independent research as qualifying expenditure [CIRD82200](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird82200) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird82200>).

For a large company there is no requirement that any intellectual property rights arising from the research are vested in the company claiming the R&D tax relief.

Under the large company scheme any subsidies received are not deducted from the qualifying R&D expenditure [CIRD89000](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird89000) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird89000>).

There are provisions for the recovery of relief where a company receives a refund of some qualifying R&D expenditure ([CIRD87500](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird87500) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird87500>)).

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