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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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CIRD98200 - R&D tax relief: legislative structure and time line: large company scheme

FA02/SCH12 - now at CTA09/Part 13 Chapter 5

CTA09/Part 13 Chapter 5 is repealed with effect from 1 April 2016. The following text relates to the large company scheme that existed until 31 March 2016, when it was fully replaced by the Research and Development Expenditure Credit (RDEC).

The large company scheme was introduced in FA02/S53 and FA02/SCH12. It provides a different level of enhanced deduction for R&D expenditure for large companies, and does not provide for payable tax credits. It uses the same definition of R&D, and broadly the same definitions of qualifying expenditure, although there are different rules about subcontracted expenditure, subsidised expenditure, and contributions to qualifying bodies or independent research.

The large company scheme is not a State Aid. Consequently, changes to the large companies scheme can be made without reference to the EC, whereas material changes to the SME scheme have to be approved by the EC. This difference in approach has resulted in a number of different start dates applying to changes to the large company and SME schemes. These differences are summarised in the time line at [CIRD98900](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird98900) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird98900>).

Details of the large company scheme are at [CIRD85000](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird85000) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird85000>).

Finance Act 2013 introduced a stand-alone credit to be brought into account as a receipt in calculating the profits of large companies for research and development (R&D) expenditure incurred on or after 1 April 2013 known as the Research and Development expenditure credit (RDEC).

RDEC and the large company super deduction scheme co-existed until 31 March 2016. The large company scheme rules and benefits were unchanged until 1 April 2016. After this date the large company scheme will only continue for expenditure incurred prior to that date until such expenditure is treated as deductible in a CT computation (para 28 Sch 15 FA2013).

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Extension of large company scheme to small companies

The large company scheme includes provisions to cover SMEs that were unable to claim under the rules of the SME scheme in respect of work subcontracted to SMEs by large companies ([CIRD89500 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird89500\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird89500)) - CTA09/S1040;Ss1163-1164).

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