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## HMRC internal manual

# Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)  
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**CIRD63240 - Land Remediation Relief:  
Subcontractors: Payment to a connected  
sub-contractor - on or after 1 April 2009**  
This guidance applies to  
expenditure incurred on or after 1  
April 2009.

**CTA09/S1175**

The question of whether a sub-contractor is connected to a company is to be determined in accordance with the broad definition of connected persons in CTA10/S1122. For further information on tests of control see, for example, [CIRD45150 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45150\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird45150).

If the company and the sub-contractor are connected persons then a payment is qualifying expenditure on sub-contracted land remediation only if certain conditions are met. If the conditions are met, then the qualifying expenditure on subcontracted land remediation is restricted to relevant expenditure of the sub-contractor. The conditions are:

- The principal must have paid the sub-contractor. Until the payment has been made, there is no “sub-contractor payment” for the purposes of Land Remediation Relief; and
- The sub-contractor must recognise the payment in its profit and loss account, in accordance with generally accepted accounting practice; and
- The whole of the payment must be brought into account in determining the sub-contractor's profit or loss for an accounting period that ends not more than twelve months after the accounting period of the contracting company in which the payment is an allowable deduction; and
- All of the sub-contractor's relevant expenditure must be brought into account in determining the sub-contractor's profit or loss for an accounting period that ends not more than twelve months after the accounting period of the contracting company in which the payment is an allowable deduction.

For these purposes any apportionment of the expenditure, of either the company or the subcontractor, is to be made on a just and reasonable basis.

For details of what is the relevant expenditure of the sub-contractor, see [CIRD63245](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird63245) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird63245>).



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