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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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Published 11 March 2016

Updated: 10 September 2025 - [See all updates](#)

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CIRD125000 - R&D Tax Reliefs: reformed reliefs: ERIS: companies registered in Northern Ireland

Finance Act 2025 makes provision for loss-making, R&D intensive, SMEs that have a registered office in Northern Ireland. These provisions take effect for claims made on or after 30 October 2024.

These provisions apply to any company which:

- is a small or medium-sized enterprise (SME) claiming ERIS
- has a registered office in Northern Ireland and either
 - has a trade in goods, or a trade which involves relevant activities in relation to electricity, or
 - has no trade in goods, and no trade with an element of relevant activities in relation to electricity, but has not opted out of the Northern Ireland provisions by notifying HMRC under s1112J, CTA09.

Such companies claiming ERIS relief (NI ERIS) are not subject to the restrictions for relief on payments to overseas contractors or providers of overseas externally provided workers (EPWs) (see [CIRD150000 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird150000\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird150000)). However, their claims to enhanced R&D intensive support (ERIS) will be subject to a 3-year de minimis State aid limit. Above this limit, relief is available under the merged scheme RDEC ([CIRD110000 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird110000\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird110000) and following).

Who can opt out

SMEs with a registered office in Northern Ireland whose business activities involve no element of trade in goods, and no relevant activities in relation to electricity, can choose to opt out of these provisions by notifying HMRC in writing under s1112J, CTA09. They can do this when they provide [additional information to support their R&D claim \(https://www.gov.uk/guidance/submit-detailed-information-before-you-claim-research-and-development-rd-tax-relief\)](https://www.gov.uk/guidance/submit-detailed-information-before-you-claim-research-and-development-rd-tax-relief) ([CIRD182000 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird182000\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird182000)) via the online form. The effect

of the election is that they will be subject to the same rules for ERIS as companies with a registered office elsewhere in the UK.

As an alternative to claiming either variant of ERIS, like all other companies, SME companies with a registered office in NI can choose to claim the merged RDEC.

Overseas restrictions

For affected companies, the restrictions on relief for overseas spend on contracted out R&D and externally provided workers do not apply for the purposes of any claim under NI ERIS. The restrictions will apply for any residual amounts claimed under the merged scheme.

Trade in goods

A company has a trade in goods if any of its business activities involves any element of trading in goods.

If a company is not sure, it should proceed on the basis that it is trading in goods.

Relevant activities in relation to electricity

Relevant activities are the generation, transmission, distribution, supply, wholesale trading and cross-border exchange of electricity.

3-year limit on additional benefit for affected companies

ERIS is de minimis State aid. There is a limit to the amount of de minimis State aid that a business can receive within a given period. The limit varies depending on what sector a business is in.

The limit applies to the additional benefit amount (which is a de minimis State aid amount) of all claims made under NI ERIS over the period of 3

years ending with the day on which the R&D claim is submitted, and includes any de minimis aid from subsidies the company and any member of the group may have received in NI or under the Customs Duty Waiver Scheme (CDWS).

The additional benefit amount for a given ERIS claim is the amount by which the benefit of the claim under ERIS exceeds the benefit of an equivalent claim for R&D expenditure credit (RDEC) under the merged scheme.

How much can a company claim under ERIS

The 3-year limit applies to the total additional relief received by the company under the ERIS scheme, plus any other de minimis aid received by the company or companies in the group as defined by [Article 2 \(https://eur-lex.europa.eu/eli/reg/2023/2831/oj/eng\)](https://eur-lex.europa.eu/eli/reg/2023/2831/oj/eng) (“single undertaking”). This includes any enterprises linked to the business that have at least one of the following relationships with each other:

- one enterprise has a majority of the shareholders’ or members’ voting rights in another enterprise
- one enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise
- one has the right to exercise a dominant influence over another enterprise in line with a contract entered into with that enterprise or to a provision in its [memorandum or articles of association \(https://www.gov.uk/limited-company-formation/memorandum-and-articles-of-association\)](https://www.gov.uk/limited-company-formation/memorandum-and-articles-of-association)
- one enterprise, which is a shareholder in or member of another enterprise, controls alone (in line with an agreement with other shareholders in or members of that enterprise) a majority of shareholders’ or members’ voting rights in that enterprise

For example, the claimant company must count any de minimis State aid received by a parent company or subsidiary as part of their single undertaking's de minimis allowance.

For most businesses, this amount of State aid must not exceed €300,000.

There are lower limits for certain businesses, for example those whose main activity is in the agriculture, aquaculture and fishery sectors. For businesses in the agriculture sector the limit is €50,000 and for businesses in the aquaculture or fisheries sector the limit is €30,000.

De minimis aid means support provided under any of a number of EU regulations. The regulations are amended or replaced from time to time; at the time of publication of this guidance (19 March 2025), the following EU regulations are applicable:

- [Commission Regulation \(EU\) No 2023/2831](https://eur-lex.europa.eu/eli/reg/2023/2831) (<https://eur-lex.europa.eu/eli/reg/2023/2831>) (de minimis aid) — on the European Union website
- [Commission Regulation \(EU\) No 1408/2013](https://www.legislation.gov.uk/eur/2013/1408/content/s) (<https://www.legislation.gov.uk/eur/2013/1408/content/s>) (de minimis aid in the agriculture sector)
- [Commission Regulation \(EU\) No 717/2014](https://eur-lex.europa.eu/eli/reg/2014/717/oj) (<https://eur-lex.europa.eu/eli/reg/2014/717/oj>) (de minimis aid in the fishery and aquaculture sector) — on the European Union website
- [Commission Regulation \(EU\) No 2023/2832](https://eur-lex.europa.eu/eli/reg/2023/2832/oj) (<https://eur-lex.europa.eu/eli/reg/2023/2832/oj>) (de minimis aid granted to undertakings providing services of general economic interest) — on the European Union website

The additional relief amount for an ERIS claim is the amount that the benefit of the claim under ERIS exceeds the benefit of an equivalent claim for R&D expenditure credit (RDEC) under the merged scheme.

Cumulation rules

While most companies will carry out R&D in a specific sector and will be subject to a limit under a single EU regulation, it is possible to claim State aid under multiple sectors, but only if separation of activities or distinction of costs is available to prove that individual sectors do not benefit from the de minimis aid granted in accordance with another sector's regulation.

To ensure compliance with the de minimis limits, the claimants must refer to the EU regulation that applies to their sector. Article 5 explains the cumulation rules for a single undertaking where State aid is claimed under more than one regulation, e.g. under the agricultural sector and under the aquacultural sector.

Where a business is able to claim under multiple sectors, for example €30,000 under the aquaculture sector, €50,000 under the agriculture sector and €x under another sector, these amounts must be cumulated to ensure that the total does not exceed the general de minimis limit of €300,000.

Aquacultural and fishery sector includes activities in production, processing and marketing of the fishery and aquaculture products.

Agricultural sector includes activities in the primary production of agricultural products.

Example where the maximum is claimed under all sectors:

€30,000 under aquaculture and fishery sector

€50,000 under agriculture sector

€220,000 under other sector

Total: €300,000

Please note that the total under the general de minimis regulation and agriculture sector is cumulated over 3 rolling years and the total under the aquaculture and fisheries sector is cumulated

over 3 fiscal years. If a company believes that this negatively impacts on the amount of ERIS relief they can claim in a given period, they can contact the R&D Policy team by email at randd.policy@hmrc.gov.uk If there is a case where the limit may have been breached due to the cumulation over fiscal and rolling years, please also contact the R&D Policy team.

Amounts that the company will need to calculate and declare.

To comply with EU regulations and s1112J, CTA09, the company will be required to calculate the total de minimis aid received by the undertaking in the 3 years (2 previous accounting periods and the current period) by the single undertaking (excluding the current NI ERIS claim) and make a declaration via the additional information form that the de minimis limit has not been exceeded.

Please note, for each award of a State aid, the claimant will need to use the European Central bank exchange rates as per the date of the award to convert the Sterling amount into Euro.

The claimant company will also be required to declare the amount of additional benefit claimed in this claim period for each sector, and a declaration that this claim will not result in the de minimis limit being exceeded will be required. HMRC will then issue a notification of the State aid being granted under this NI ERIS claim. The company must keep it safe for their records.

To work out the additional relief the claimant company can use the following formula:

$$N = (A + B + C) - D$$

Where:

- N is the additional benefit amount
- A is the amount by which the liability of the company to pay corporation tax (in any accounting period) is reduced as a result of the Chapter 2 relief obtained by the company for the period, for example by the use of losses arising as a result of the claim for a period against profits of another period.
- B is the sum of any amounts by which the liability of any other company to pay corporation tax (in any accounting period) is reduced by virtue of a loss that both:

(a) arises as a result of the Chapter 2 relief obtained by the company for the period

(b) is surrendered by the company to the other company under Part 5 or 5A of the Corporation Tax Act 2010 (surrender of relief between members of groups and consortia)

- C is the amount of R&D tax credit to which the company is entitled, and which it claims, for the period
- D is the net value of the RDEC that the company would have been entitled to had the expenditure in respect of which the company claims Chapter 2 relief instead been the subject of a claim for relief under Chapter 1A of Part 13 of CTA 2009 — this is defined as the third amount referred to in section 1042K of CTA 2009 (the initial amount of expenditure credit, minus the notional tax deduction).

The company should do this for ERIS claims made in any previous accounting period of the company that began on or after 1 April 2024, and ended within the period of 3 years ending with the day on which the claim is made.

The company should then add to this amount the value of all other de minimis aid received in the same accounting periods by the company or any other company in the group. The company should do this for all sums received in the 3 years ending with the day on which the claim is made.

If they are unsure whether or not an amount received is de minimis aid, they should ask the person or authority which granted the aid or relief.

This should include any ERIS benefits received by any other group company, for example if another company also claims ERIS itself.

The resulting figure (all benefits, less RDEC) should not exceed the limit for the company (read the section “How much can company claim under ERIS”).

Claims for ERIS that go over this limit are not allowed. HMRC has the power to address inaccuracies in tax returns. If a company submits an inaccurate claim, they may become liable for tax-gear penalties. If the limit for State aid is exceeded, the entire amount that falls under the de minimis State aid will be withdrawn.

Relief for expenditure that cannot be claimed under ERIS

If there is any expenditure you cannot claim ERIS for, because it would take you over the de minimis limit for your sector for example, you may be able to claim RDEC for that expenditure under the merged scheme, provided you satisfy the rules (see [CIRD150000](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird150000) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird150000>)).

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