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HMRC internal manual

Corporate Intangibles Research and Development Manual

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CIRD63220 - Land Remediation Relief: Qualifying Land Remediation Expenditure: Preparatory Activity - examples

This section sets out how HMRC approach the question of what are preparatory activities for the purposes of Land Remediation Relief. You should read the guidance on preparatory activities in [CIRD63215 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird63215\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird63215) before considering the examples.

Example:

“A Ltd purchases a site for redevelopment as residential properties. It carries out a desk study to identify potential hazards and follows this up by carrying out further work to establish the levels of contamination. As the level of contamination exceeds the soil guideline value for residential property, A Ltd carries out remedial work.”

“In addition A Ltd carries out tests for radon, which is found to exceed the Health Protection Agency guidelines for residential properties and steps are taken to mitigate the problem.”

“A Ltd can claim as qualifying land remediation expenditure the preparatory costs of the further tests to establish the level of contamination and the costs of the tests to establish the level of radon.”

“A Ltd cannot claim the cost of the desk study as this would have been carried out as part of the planning process whether or not the site was contaminated.”

Example:

“B Ltd purchases a site that has been derelict for many years, for redevelopment as residential properties. The desk study highlighted the possibility of redundant services and foundations from previous use. It carries out survey work to establish the extent and condition of the redundant services and the foundations of the previous buildings. These are then removed so that the development can take place.”

“B Ltd can claim the cost of evaluating the redundant services and remaining foundations as qualifying land remediation expenditure. B Ltd cannot claim the cost of the desk study as this would have been carried out as part of the

planning process whether or not the site was derelict.”

Example:

“Initial tests indicate that C Ltd will need to take measures to address heavy metal contamination before it can build residential properties on its site. Before carrying out the work, C Ltd becomes aware of a new test, which measures more accurately the bio availability of the contaminant, which is the amount of the contamination that actually poses a danger to health. C Ltd has its site tested and the results show that there is only a low risk of the contamination being taken up and no remedial work is needed.”

“C Ltd did not carry out any qualifying land remediation so whilst relief is available for the cost of the preliminary work under the normal rules for calculating the trading profit, the enhanced deduction under Land Remediation Relief is not available.”

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