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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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CIRD99400 - R&D tax relief: accountancy: adjustment on change of basis

On a change from one accepted accounting practice to another (CTA09/Ss180-186; S261)) the accounting treatment may result in expenditure on R&D that has previously been charged to the profit and loss account being deferred and reinstated on the balance sheet. Such a position may occur, for example, when a company adopts IAS, FRS101 or FRS102 for the first time.

The provisions of CTA09/S183 apply in this situation. No positive adjustment is recognised for

tax purposes in respect of the expenses that are written back to the balance sheet. Any subsequent writing down of this written back expenditure will similarly not be deducted in calculating the profit for any period of account after the change. So the R&D tax relief that has already been allowed is not clawed back, but the same expenditure does not attract relief a second time when it is released from the balance sheet. If there are any difficulties in interpreting this provision or its effects with regard to R&D tax relief HMRC officers should seek advice from CTIAA.

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