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## HMRC internal manual

# Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)  
([/government/organisations/hm-revenue-customs](#))

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## CIRD134000 - R&D Tax Reliefs: reformed reliefs: categories of qualifying expenditure: software

Revenue expenditure incurred on software employed in R&D is a category of qualifying expenditure for both new RDEC and ERIS. Software means computer software.

The software must be used in activity that constitutes R&D for tax purposes (see [CIRD81910](#) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development->

[manual/cird81910](#))), which includes 'qualifying indirect activities'.

### **Use other than directly in R&D**

Expenditure on software not employed directly in R&D is not qualifying expenditure.

So, software used by the human resources department for routine work related to the R&D staff would be included. But software used to train the HR staff would not.

### **Apportionments**

Where software is only partly employed in direct R&D an appropriate apportionment of the expenditure should be made.

How a suitable apportionment is to be achieved in practice is dependent on the particular facts of the R&D, and the software.

Wherever possible a pragmatic approach should be adopted - for example, an apportionment based on staff numbers may prove most suitable where a particular software product is used by R&D and non-R&D staff.

If a company offers a reasonable apportionment basis HMRC do not envisage detailed enquiries being desirable to establish a slightly more accurate alternative.



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