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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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CIRD81470 - R&D tax relief: conditions to be satisfied: subcontracted R&D

What is considered to be subcontracting is dealt with at [CIRD84250](#). (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird84250>)

CTA09/Ss1052(5) and 1053(4) - SME scheme

One of the conditions for a company to make a claim under the SME scheme is that the expenditure is not incurred in carrying on R&D activities as a subcontractor.

In some cases the SME company may still be able to make a claim under the Research and Development Expenditure Credit Scheme (CTA 2009/s104C to S104E). See [CIRD89750](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird89750) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird89750>).

CTA09/Ss 104C, 104J and 104K – Research and Development Expenditure Credit

In order to claim RDEC a company which has been contracted to carry out relevant R&D must have been contracted by either:

- A large company, or
- A person otherwise than in the course of a chargeable trade.

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