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HMRC internal manual

Corporate Intangibles Research and Development Manual

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

Published 11 March 2016

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

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CIRD12580 - Core computational rules: deductible debits: general matters and adjustments for tax purposes: mostly relevant where expenditure written off as incurred

CTA09/PART8/S865 - 869

Disallowance of otherwise deductible debits

Sums that would otherwise give rise to deductible debits under S728 may be 'subject to any adjustments required' by CTA09/PART8 (see below and [CIRD12030 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12030\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12030)). In the absence of specific provision within CTA09/PART8, rules disallowing expenditure in other parts of the CT code do not apply.

Provisions attracted or reproduced

The rules listed below from other parts of the CT code are attracted or reproduced in Part 8 and may apply to expenditure written off as incurred within [CIRD12530 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12530\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12530) or [CIRD12550 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12550\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12550).

An otherwise deductible debit may need to be disallowed to the extent it represents expenditure relating to:

- entertaining and gifts - [CIRD12600 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12600\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12600);
- crime - [CIRD12610 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12610\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12610);
- the hire of cars not exempted from restrictions (generally this means cars with CO2 emissions over 160g/km - [CIRD12620 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12620\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12620)); and
- employer-financed retirement benefit schemes - [CIRD12630 \(https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12630\)](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12630).

An otherwise deductible debit may need to be deferred to a later accounting period to the extent it represents expenditure relating to:

- delayed payment of pension contributions - [CIRD12640](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12640) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12640>);
- delayed payment of remuneration - [CIRD12650](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12650) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12650>); and
- delayed payment of royalties to certain 'related parties' - [CIRD12660](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12660) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12660>).

Debt impairments and bad debts

There are provisions addressing the impairment of debts which are similar to those in the general corporation tax rules. These are dealt with at [CIRD12670](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12670) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird12670>).

Transfer pricing

Debits for expenditure written off as incurred may also need to be adjusted under the transfer pricing rules - see [CIRD47060](https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird47060) (<https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird47060>) for their application to transactions with CTA09/PART8.

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