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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: [HM Revenue & Customs](#)
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CIRD132000 - R&D Tax Reliefs: reformed reliefs: categories of qualifying expenditure: payment condition

All categories of qualifying expenditure for the merged scheme RDEC (new RDEC) and enhanced R&D intensive support (ERIS) are subject to a payment condition.

CTA09/S1139A provides that:

References in this Part to expenditure incurred on payments (however expressed) are references to

expenditure incurred on payments made before the making of a claim under this Part in relation to that expenditure.

This means that no amount of expenditure can be validly claimed for under new RDEC or ERIS before the amount has been paid.

Staffing costs

There is a payment condition for each of the items of expenditure which, together, form "staffing costs" (CTA09/S1123(2), (3), (4), (5) & (7)).

Staff costs are paid when they are treated as received by an employee for the purposes of ITEPA 2003 by section 18 or 19 of that Act (receipt of money and non-money earnings), or would be so treated if the amount were not exempt income CTA09/1289(4).

Staff costs that remain unpaid more than 9 months after the balance sheet date will receive a tax deduction in the accounting period in which they are paid.

Note that, for directors, amounts can be treated as paid when an amount of earnings is credited in the company's accounts or records (whether or not there is any restriction on the right to draw the sums).

Other cost categories

Payment includes money payment and transfer of other valuable consideration. Where payment is made otherwise than in money, it is necessary to examine the fair value of assets transferred to determine what amount of expenditure has been paid.

The payment condition is found in the following sections:

Cost category	Section(s)
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Staffing costs	CTA09/S1123(2), (3), (4), (5), (7) Governed by CTA09/1289(4)
Software, data licences, cloud computing services or consumable items	CTA09/S1125(1) "...an amount paid by the company..."
Externally provided workers	CTA09/S1127(1)(a) "it [the company] makes a payment..."
Contractor payments	CTA09/S1133(6) "...a payment made in respect of..."
Relevant payments to the subjects of a clinical trial	CTA09/S1140(1) "...a payment made to the subject..."



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