STATUTORY INSTRUMENTS

2024 No. 950

CORPORATION TAX

The Research and Development Relief (Information Requirements etc.) Regulations 2024

Made - - - - at 12:49 p.m. on 11th September 2024

Laid before the House of Commons at 4:00 p.m. on 11th September 2024

Coming into force - - 2nd October 2024

The Commissioners for His Majesty's Revenue and Customs make these Regulations in exercise of the powers conferred by paragraph 83EA of Schedule 18 to the Finance Act 1998(**a**), sections 135 and 136 of the Finance Act 2002(**b**) and section 1142A(2) of the Corporation Tax Act 2009(**c**).

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Research and Development Relief (Information Requirements etc.) Regulations 2024.

(2) These Regulations come into force on 2nd October 2024 and have effect in relation to claims made on or after that date.

(3) In these Regulations, "the 2023 Regulations" means the Relief for Research and Development (Content of Claim Notifications, Additional Information Requirements and Miscellaneous Amendments) Regulations 2023(**d**).

Information requirements for claims

2.—(1) For regulation 3 of the 2023 Regulations substitute—

> **"Additional information to be provided in relation to R&D claims**
>
> **3.**—(1) This regulation applies in relation to a claim to which Part 9A of Schedule 18 to the Finance Act 1998(**e**) (procedure for claims for R&D relief) applies.
>
> (2) The claimant company must provide to an officer of Revenue and Customs the information specified in Schedule 2 (subject to any limitation set out in that Schedule).
>
> (3) That requirement applies only in relation to the initial making of the claim (not any amendment).

(**a**) 1998 c. 36. Paragraph 83EA of Schedule 18 was inserted by paragraph 13 of Schedule 1 to the Finance (No. 2) Act 2023 (c. 30).
(**b**) 2002 c. 23. Section 135 was amended by paragraph 95(1) of Schedule 4 to the Commissioners for Revenue and Customs Act 2005 (c. 11) and section 93 of the Finance Act 2007 (c. 11).
(**c**) 2009 c. 4. Section 1142A was inserted by paragraph 2(6) of Schedule 1 to the Finance (No. 2) Act 2023.
(**d**) S.I. 2023/813.
(**e**) Part 9A was inserted by paragraph 4 of Schedule 21 to the Finance Act 2000 (c. 17).

(4) In Schedule 2—

"the Chapter 2 Regulations" means the Research and Development (Chapter 2 Relief) Regulations 2024(**a**);

"CTA 2009" means the Corporation Tax Act 2009;

"employer's PAYE reference" has the meaning given by regulation 2(1) of the Income Tax (Pay As You Earn) Regulations 2003(**b**);

"in-house expenditure" means expenditure that is attributable to research and development undertaken by the company itself;

"qualifying indirect activities" has the meaning given in the Guidelines on the Meaning of Research and Development for Tax Purposes issued by the Secretary of State for Business and Trade on 7 March 2023(**c**).".

(2) For paragraphs 1 and 2 of Schedule 2 to the 2023 Regulations substitute—

"Claimant's details

1.—(1) The following information in relation to the company—

(a) registered name (or, if the company is not a registered company, formal name);

(b) unique taxpayer reference number;

(c) if the company is registered for VAT, its VAT registration number within the meaning of section 77E of the Value Added Tax Act 1994(**d**);

(d) employer's PAYE reference, if available;

(e) main area of business;

(f) whether the company has a registered office in Northern Ireland, and if so—

(i) the postcode for the office;

(ii) the registered number of the company.

(2) If the claim is under Chapter 2 of Part 13 of CTA 2009 and the company has a registered office in Northern Ireland—

(a) whether the company has, at any point during the accounting period to which the claim relates, carried on a trade that involves—

(i) trading in goods, or

(ii) the generation, transmission, distribution, supply, wholesale trading or cross-border exchange of electricity; and

(b) if not, whether the company wishes to rely on regulation 2(3) of the Chapter 2 Regulations.

Responsible officer

2. The following information in relation to the officer of the company who is responsible for ensuring the accuracy of the information provided under this Schedule—

(a) name;

(**a**) S.I. 2024/348.
(**b**) S.I. 2003/2682, to which there are amendments not relevant to these Regulations.
(**c**) Available online at https://www.gov.uk/government/publications/guidelines-on-the-meaning-of-research-and-development-for-tax-purposes/meaning-of-research-and-development-for-tax-purposes-guidelines. A hard copy is available for inspection free of charge at the offices of HM Revenue and Customs at 100 Parliament Street, London, SW1A 2BQ.
(**d**) 1994 c. 23. Section 77E was inserted by section 38 of the Finance Act 2018 (c. 3).

(b) role in the company;

(c) telephone number;

(d) email address.

Agents and advisers

3. If an agent or tax adviser is or has been engaged by the company, or has provided services to the company, in any capacity in relation to the claim, the following information in relation to each such agent or adviser—

(a) name (or, if the agent or adviser is a registered company, its registered name);

(b) agent reference number;

(c) business or trading name;

(d) address of principal place of business;

(e) telephone number;

(f) email address;

(g) whether or not the role of the agent or adviser is limited to matters concerning relief for research and development.

Periods of claim

4. The start date and end date of the accounting period, and the period of account, to which the claim relates.

The relevant R&D

5.—(1) The following information in relation to the research and development to which the claim relates.

(2) The number of projects undertaken.

(3) In relation to each relevant project—

(a) a name by which the project can be referred to;

(b) words identifying the field of science or technology with which the project is concerned;

(c) a description of—

(i) the scientific or technological knowledge that existed when the project began and that the project aimed to improve upon;

(ii) the advance in scientific or technological knowledge that the project aimed to achieve;

(iii) the scientific or technological uncertainties that the project faced;

(iv) how the project sought to overcome those uncertainties.

(4) For the purposes of sub-paragraph (3)—

(a) if the number given under sub-paragraph (2) is 3 or less, each of the projects is a relevant project;

(b) if the number is more than 3, subject to paragraph (c)—

(i) the company must select 3 or more projects to treat as relevant projects, and

(ii) those projects must together account for at least half of the qualifying expenditure in respect of which the claim is made;

(c) if—

(i) the number is more than 10, and

(ii) complying with paragraph (b) would lead to more than 10 projects being treated as relevant projects,

the 10 projects accounting for the 10 highest shares of the qualifying expenditure in respect of which the claim is made (but only those projects) are relevant projects.

(5) If the claim relates to an accounting period beginning on or after 1st April 2024, whether the research and development was undertaken—

(a) entirely in the United Kingdom,

(b) entirely outside the United Kingdom, or

(c) partly in and partly outside the United Kingdom.

(6) If the claim relates to an accounting period beginning before 1st April 2024, whether or not the research and development was undertaken entirely in the United Kingdom.

Qualifying expenditure: claims under the new schemes

6.—(1) If the claim relates to an accounting period beginning on or after 1st April 2024, the following information.

(2) The amount of qualifying expenditure in respect of which the claim is made.

(3) In this paragraph, "qualifying expenditure"—

(a) in relation to a claim under Chapter 1A of Part 13 of CTA 2009(**a**), means qualifying Chapter 1A expenditure(**b**);

(b) in relation to a claim under Chapter 2 of that Part, means qualifying Chapter 2 expenditure(**c**).

(4) The amount of the qualifying expenditure that falls within each of the following categories—

(a) in-house expenditure incurred on staffing costs(**d**);

(b) in-house expenditure incurred on software;

(c) in-house expenditure incurred on data licences;

(d) in-house expenditure incurred on cloud computing;

(e) in-house expenditure incurred on consumable items(**e**);

(f) in-house expenditure that is qualifying expenditure on externally provided workers(**f**);

(g) in-house expenditure incurred on relevant payments to the subjects of a clinical trial(**g**);

(**a**) Chapter 1A was inserted by paragraph 5 of Schedule 1 to the Finance Act 2024 (c. 3).

(**b**) For the meaning of "qualifying Chapter 1A expenditure", see sections 1042D to 1042F of the Corporation Tax Act 2009 (inserted as described in the preceding note).

(**c**) For the meaning of "qualifying Chapter 2 expenditure", see section 1051 of the Corporation Tax Act 2009. That section was amended by paragraph 6 of Schedule 1 to the Finance Act 2024.

(**d**) For the meaning of "staffing costs", see section 1123 of the Corporation Tax Act 2009. That section was amended by S.I. 2019/689 and 2020/1499.

(**e**) For the meaning of the expressions used in paragraphs (b) to (e), see section 1125 of the Corporation Tax Act 2009. That section was amended by paragraph 3 of Schedule 1 to the Finance (No. 2) Act 2023.

(**f**) For the meaning of "qualifying expenditure on externally provided workers", see section 1127 of the Corporation Tax Act 2009.

(**g**) For the meaning of "relevant payments to the subjects of a clinical trial", see section 1140 of the Corporation Tax Act 2009.

(h) expenditure incurred in making the qualifying element of a contractor payment(**a**).

(5) If an amount more than nil is given for the category in sub-paragraph (4)(f)—

(a) the number of externally provided workers whose earnings form part of the qualifying expenditure concerned;

(b) in relation to each such worker, the employer's PAYE reference, if available;

(c) whether any of the qualifying expenditure concerned is attributable to research and development undertaken outside the United Kingdom, and if so—

(i) how much;

(ii) in respect of each worker whose earnings form part of the expenditure, whether the company or the staff controller(**b**) is required to account both for income tax under PAYE regulations and for Class 1 national insurance contributions in respect of any part of those earnings;

(d) if—

(i) a negative answer is given under paragraph (c)(ii) of this sub-paragraph in respect of any worker, and

(ii) no positive answer was given under paragraph (a) or (b) of paragraph 1(2) of this Schedule,

the company's reasons for considering that section 1138A of CTA 2009(**c**) applies.

(6) No more than 10 references need to be given under sub-paragraph (5)(b); but in selecting which references to give from more than 10, the company must not omit the reference of an employer that employed more of the workers referred to in sub-paragraph (5)(a) than an employer whose reference is given.

(7) If an amount more than nil is given for the category in sub-paragraph (4)(h)—

(a) the identity of each relevant contractor;

(b) the employer's PAYE reference for each relevant contractor, if available;

(c) in relation to each relevant contractor, the amount of the qualifying expenditure concerned that consists of contractor payments(**d**) to that contractor;

(d) whether any of the qualifying expenditure concerned is attributable to research and development undertaken outside the United Kingdom, and if so how much;

(e) if—

(i) a positive answer is given under paragraph (d) of this sub-paragraph, and

(ii) no positive answer was given under paragraph (a) or (b) of paragraph 1(2) of this Schedule,

the company's reasons for considering that section 1138A of CTA 2009 applies.

(8) For the purposes of sub-paragraph (7)—

(a) a "relevant contractor" is a company that received a contractor payment that is comprised in the qualifying expenditure notified under sub-paragraph (4)(h);

(b) if there are 10 or fewer such companies, each is a relevant contractor;

(**a**) For the meaning of "qualifying element of a contractor payment", see sections 1133 to 1136 of the Corporation Tax Act 2009. Those sections were amended by paragraph 9 of Schedule 1 to the Finance Act 2024. Section 1134 was also amended by paragraph 6 of Schedule 1 to the Finance (No. 2) Act 2023.

(**b**) For the meaning of "staff controller", see section 1128(7) of the Corporation Tax Act 2009. That provision was amended by paragraph 34 of Schedule 3 to the Finance Act 2012 (c. 14).

(**c**) Section 1138A was inserted by paragraph 9 of Schedule 1 to the Finance Act 2024.

(**d**) For the meaning of "contractor payment", see section 1133(6) of the Corporation Tax Act 2009. That section was substituted by paragraph 9 of Schedule 1 to the Finance Act 2024.

(c) if there are more than 10 such companies, only the 10 that received payments accounting for the 10 highest shares of the qualifying expenditure notified under sub-paragraph (4)(h) (taking together separate payments made to a single company) are relevant contractors.

(9) The amount of the qualifying expenditure that is attributable to qualifying indirect activities.

Qualifying expenditure: claims under the old schemes

7.—(1) If the claim relates to an accounting period beginning before 1st April 2024, the following information.

(2) The amount of qualifying R&D expenditure in respect of which the claim is made.

(3) In this paragraph, "qualifying expenditure"—

(a) in relation to a claim under Chapter 6A of Part 3 of CTA 2009(**a**), means qualifying R&D expenditure(**b**);

(b) in relation to a claim under Chapter 2 of Part 13 of CTA 2009, means qualifying Chapter 2 expenditure(**c**).

(4) The amount of the qualifying expenditure that falls within each of the following categories—

(a) in-house expenditure incurred on staffing costs;

(b) in-house expenditure incurred on software;

(c) in-house expenditure incurred on data licences;

(d) in-house expenditure incurred on cloud computing;

(e) in-house expenditure incurred on consumable items;

(f) in-house expenditure that is qualifying expenditure on externally provided workers;

(g) in-house expenditure incurred on relevant payments to the subjects of a clinical trial;

(h) qualifying expenditure on contracted out research and development(**d**);

(i) in the case of a claim under Chapter 6A of Part 3 of CTA 2009, subsidised qualifying expenditure on contracted out research and development(**e**);

(**a**) Chapter 6A was inserted by paragraph 1 of Schedule 15 to the Finance Act 2013 (c. 29) and repealed (with effect in relation to accounting periods beginning on or after 1st April 2024) by paragraph 2 of Schedule 1 to the Finance Act 2024.

(**b**) For the meaning of "qualifying R&D expenditure", see section 104A(3) and (4) of the Corporation Tax Act 2009 (which was inserted and repealed along with the rest of Chapter 6A of Part 3 as described in the preceding note).

(**c**) For the meaning of "qualifying Chapter 2 expenditure" in relation to accounting periods beginning before 1st April 2024, see section 1051 of the Corporation Tax Act 2009 as it has effect before the amendments made by paragraph 6 of Schedule 1 to the Finance Act 2024.

(**d**) For the meaning of "qualifying expenditure on contracted out research and development" in relation to a claim under Chapter 6A of Part 3 of the Corporation Tax Act 2009, see section 104K of the Corporation Tax Act 2009. That section was inserted and repealed along with the rest of Chapter 6A as described in the first note to sub-paragraph (3)(a); and was meanwhile amended by section 28 of the Finance Act 2015 (c. 11). For the meaning of the term in relation to a claim under Chapter 2 of Part 13 of the Corporation Tax Act 2009, see section 1053 of the Corporation Tax Act 2009 (as it has effect in relation to accounting periods beginning before 1st April 2024, before the amendments made by paragraph 6 of Schedule 1 to the Finance Act 2024). That section was amended by section 13 of the Finance (No. 3) Act 2010 (c. 33) and section 28 of the Finance Act 2015.

(**e**) For the meaning of "subsidised qualifying expenditure on contracted out research and development", see section 104H of the Corporation Tax Act 2009. That section was inserted and repealed along with the rest of Chapter 6A of Part 3 as described in the first note to sub-paragraph (3)(a); and was meanwhile amended by section 28 of the Finance Act 2015.

(j) also in such a case, qualifying expenditure on contributions to independent research and development(**a**).

(5) The amount of the qualifying expenditure that is attributable to qualifying indirect activities.

R&D intensity threshold

8.—(1) If the claim—

(a) is made under Chapter 2 of Part 13 of CTA 2009, and

(b) relies on the company having met the R&D intensity condition(**b**) in the accounting period to which the claim relates,

the following information.

(2) The total amount forming part of the company's total relevant expenditure for the period by virtue of paragraphs (a) and (b) of section 1045ZA(5) of CTA 2009.

(3) The amount forming part of the company's total relevant expenditure for the period by virtue of paragraph (c) of that subsection.

(4) The company's relevant R&D expenditure for the period(**c**).

(5) In relation to each company (if any) that the claimant company is aware of having been connected with(**d**) on any day within the period—

(a) registered name (or, in the case of a company other than a registered company, formal name);

(b) country of registration (or, in the case of a company other than a registered company, the country in which it is based);

(c) registered number, in the case of a company registered in the United Kingdom;

(d) the total amount forming part of the company's total relevant expenditure for the period by virtue of paragraphs (a) and (b) of section 1045ZA(5) of CTA 2009;

(e) the amount forming part of the company's total relevant expenditure for the period by virtue of paragraph (c) of that subsection;

(f) the company's relevant R&D expenditure for the period.

Companies creating or managing intellectual property

9. Whether the claim relies on the application of section 1058D or 1112E of CTA 2009(**e**) to the company, and if so, the company's reasons for considering that the section in question applies.

(**a**) For the meaning of "qualifying expenditure on contributions to independent research and development", see section 104L of the Corporation Tax Act 2009 (which was inserted and repealed along with the rest of Chapter 6A of Part 3 as described in the first note to sub-paragraph (3)(a)).

(**b**) For the meaning of "the R&D intensity condition", see section 1045ZA of the Corporation Tax Act 2009. That section was inserted by paragraph 6 of Schedule 1 to the Finance Act 2024.

(**c**) For the meaning of "relevant R&D expenditure", see section 1045ZA(7) of the Corporation Tax Act 2009 (inserted as described in the note to sub-paragraph (1)(b)).

(**d**) For the meaning of "connected", see section 1316(1) of the Corporation Tax Act 2009 and sections 1122 and 1123 of the Corporation Tax Act 2010 (c. 4).

(**e**) Section 1058D was inserted by paragraph 3 of Schedule 3 to the Finance Act 2021 (c. 26) and repealed (in relation to accounting periods beginning on or after 1st April 2024) by paragraph 6 of Schedule 1 to the Finance Act 2024; section 1112E was inserted (in relation to the same periods) by paragraph 8 of the last-mentioned Schedule.

Information relating to limit in Northern Ireland

10.—(1) If a positive answer was given under sub-paragraph (a) or (b) of paragraph 1(2)—

(a) the aggregate Chapter 2 net benefit obtained by the company in the 2 most recent accounting periods before that to which the claim relates, and

(b) a statement to the effect that the obtaining of relief by the company in the amount claimed would not produce a breach of the limit that applies by virtue of regulation 4 of the Chapter 2 Regulations.

(2) For the purposes of sub-paragraph (1)(a), the Chapter 2 net benefit obtained by a company in an accounting period is the amount produced by applying the formula in regulation 4(4) of the Chapter 2 Regulations in relation to that period.".

Minor amendment in relation to claim notifications

3. In paragraph 2 of Schedule 1 to the 2023 Regulations, in the second column of the entry for "the company", in paragraph (a), after "name" insert "(or, if the company is not a registered company, formal name)".

Electronic delivery of notifications under the Chapter 2 Regulations

4.—(1) The Income and Corporation Taxes (Electronic Communications) Regulations 2003(**a**) are amended as follows.

(2) In regulation 2(1)(a) (information within scope of the regulations)—

(a) after paragraph (ix), omit "or";

(b) after paragraph (x), for "; and" substitute ", or

(xi) regulation 2(3)(b) of the Research and Development (Chapter 2 Relief) Regulations 2024; and".

(3) In regulation 3—

(a) in paragraph (2A) (mandatory use of electronic communications for certain information), for the words from "a company" to "1998," substitute "—

(a) a company tax return,

(b) associated R&D information, or

(c) information provided under paragraph 83WA of Schedule 18 to the Finance Act 1998(**b**);";

(b) after paragraph (2A) insert—

"(2AA) In paragraph (2A), "associated R&D information" means—

(a) a claim notification under section 1142A of the Corporation Tax Act 2009,

(b) additional information provided under paragraph 83EA of Schedule 18 to the Finance Act 1998, or

(c) a notification under regulation 2(3)(b) of the Research and Development (Chapter 2 Relief) Regulations 2024.".

(**a**) S.I. 2003/282. Amendments were made by S.I. 2009/3218, 2023/813 and 2024/320; there are other amendments not relevant to these Regulations.

(**b**) Paragraph 83WA was inserted by paragraph 3 of Schedule 6 to the Finance Act 2024.

Penny Ciniewicz
Justine Holliday

At 12.49 p.m. on 11th September 2024

Two of the Commissioners for His Majesty's Revenue and Customs

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Relief for Research and Development (Content of Claim Notifications, Additional Information Requirements and Miscellaneous Amendments) Regulations 2023 to restate the information that has to be provided by a company claiming relief from corporation tax in respect of expenditure on research and development ("R&D"). The changes they make reflect significant reforms to the R&D regime made by Schedule 1 to the Finance Act 2024. The Regulations also:

• make a small technical amendment of those 2023 Regulations in relation to notifications of R&D claims, and

• amend the Income and Corporation Taxes (Electronic Communications) Regulations 2003 to require notifications under regulation 2(3)(b) of the Research and Development (Chapter 2 Relief) Regulations 2024 (which enable certain companies to opt out of the special rules laid down by those Regulations) to be made electronically.

Schedule 1 to the Finance Act 2024 introduces the new merged R&D scheme, together with additional relief for loss-making, R&D-intensive small and medium-sized enterprises ("SMEs") through a higher rate of payable tax credit.

A Tax Information and Impact Note ("TIIN") on the merged R&D scheme and a TIIN on the enhanced support for R&D-intensive SMEs both of which cover this instrument were published on 22nd November 2023 (and updated on 23rd November 2023) alongside the Autumn 2023 Finance Bill and are available on the website at https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins. They remain an accurate summary of the impacts that apply to this instrument.

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