



Corporation Tax Act 2009

2009 CHAPTER 4

PART 13

ADDITIONAL RELIEF FOR EXPENDITURE ON RESEARCH AND DEVELOPMENT

CHAPTER 2

RELIEF FOR SMES: COST OF R&D INCURRED BY SME

Tax credit: entitlement and payment

1054 Entitlement to and payment of tax credit

- (1) A company is entitled to an R&D tax credit for an accounting period if it has a Chapter 2 surrenderable loss in the period (see section 1055).
- (2) For the company to obtain an R&D tax credit in respect of all or part of the Chapter 2 surrenderable loss it must make a claim.

See section 1057 (which prevents a company from making a claim if it is not a going concern).

- (3) The amount of an R&D tax credit to which the company is entitled is determined in accordance with section 1058.
- (4) If a company makes a claim for an R&D tax credit to which it is entitled for an accounting period, an officer of Revenue and Customs must pay to the company the amount of the credit.

This is subject to section 1060.

- (5) This section is subject to—
[^{F1}(a) [section 1054A](#) (requirement to make a claim notification);]

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[^{F1}(b)] section 1113 (cap on R&D aid in relation to a particular research and development project)

- (6) See also section 1062, which restricts the carry forward of losses where a company claims an R&D tax credit.

Textual Amendments

F1 S. 1054(5)(a) inserted and words renumbered as s. 1054(5)(b) (with effect in relation to accounting periods beginning on or after 1.4.2023) by [Finance \(No. 2\) Act 2023 \(c. 30\)](#), Sch. 1 paras. 2(4), **20**

[^{F2}1054A] Requirement to make a claim notification

- (1) A company may not make a claim under section 1054(2) (an “R&D tax credit claim”) after the end of the claim notification period unless—
- (a) the company has made an R&D claim during the period of three years ending with the last day of the claim notification period,
 - (b) the company makes a claim notification in respect of the R&D tax credit claim within the claim notification period, or
 - (c) the accounting period in respect of which the R&D tax credit claim is made falls within the same period of account as another accounting period in respect of which the company has made an R&D claim or a claim notification.
- (2) For the purposes of [subsection \(1\)\(a\)](#) ignore any R&D claim for an accounting period beginning before 1 April 2023 that is included in the company’s company tax return only by virtue of an amendment made on or after that date (see paragraph 83B(2) of Schedule 18 to FA 1998).]

Textual Amendments

F2 S. 1054A inserted (with effect in relation to accounting periods beginning on or after 1.4.2023) by [Finance \(No. 2\) Act 2023 \(c. 30\)](#), Sch. 1 paras. 2(5), **20**

1055 Meaning of “Chapter 2 surrenderable loss”

- (1) For the purposes of this Chapter a company has a “Chapter 2 surrenderable loss” if in an accounting period—
- (a) it obtains an additional deduction under section 1044 in calculating the profits of a trade and it makes a trading loss in that period in the trade, or
 - (b) it is treated as making a trading loss under section 1045.
- (2) If relief is obtained under section 1044 the amount of the Chapter 2 surrenderable loss is—
- (a) so much of the trading loss as is unrelieved, or
 - (b) if less, [^{F3}186%] of the qualifying Chapter 2 expenditure in respect of which the relief was obtained.
- (3) If relief is obtained under section 1045 the amount of the Chapter 2 surrenderable loss is so much of the trading loss as is unrelieved.

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Textual Amendments

- F3** Word in s. 1055(2)(b) substituted (in relation to expenditure incurred on or after 1.4.2023) by [Finance Act 2023 \(c. 1\), s. 4\(3\)\(c\)\(4\)](#)

Modifications etc. (not altering text)

- C1** S. 1055 excluded by 2010 c. 4, s. 357PC (as inserted (with effect in accordance with s. 5 of the amending Act) by [Corporation Tax \(Northern Ireland\) Act 2015 \(c. 21\), s. 1](#))

1056 Amount of trading loss which is “unrelieved”

- (1) This section applies for the purposes of section 1055.
- (2) The amount of a trading loss that is “unrelieved” is the amount of the loss reduced by—
 - (a) any relief that was or could have been obtained by the company making a claim under [^{F4}section 37(3)(a) of CTA 2010 to deduct the loss from total profits of the same accounting period,
 - (b) any other relief obtained by the company in respect of the loss, including relief under [^{F5}section 37(3)(b) or 42 of CTA 2010 (losses deducted from] profits of an earlier accounting period), and
 - (c) any loss surrendered under [^{F6}Part 5 [^{F7}or Part 5A] of CTA 2010] (surrender of relief to group or consortium members).
- (3) No account is to be taken for this purpose of any losses—
 - (a) brought forward from an earlier accounting period under [^{F8}section 45[^{F9}, 45A or 45B] of CTA 2010], or
 - (b) carried back from a later accounting period under [^{F10}section 37(3)(b) or 42] of that Act.

Textual Amendments

- F4** Words in s. 1056(2)(a) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 669\(2\)\(a\)](#) (with [Sch. 2](#))
- F5** Words in s. 1056(2)(b) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 669\(2\)\(b\)](#) (with [Sch. 2](#))
- F6** Words in s. 1056(2)(c) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 669\(2\)\(c\)](#) (with [Sch. 2](#))
- F7** Words in s. 1056(2)(c) inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\), Sch. 4 para. 134\(a\)](#)
- F8** Words in s. 1056(3)(a) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 669\(3\)\(a\)](#) (with [Sch. 2](#))
- F9** Words in s. 1056(3)(a) inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\), Sch. 4 para. 134\(b\)](#)
- F10** Words in s. 1056(3)(b) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 669\(3\)\(b\)](#) (with [Sch. 2](#))

Modifications etc. (not altering text)

- C2** S. 1056 applied by 2010 c. 4, s. 357PC (as inserted (with effect in accordance with s. 5 of the amending Act) by [Corporation Tax \(Northern Ireland\) Act 2015 \(c. 21\), s. 1](#))

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1057 Tax credit only available where company is going concern

- (1) A company may only make a claim under section 1054 at a time when it is a going concern.
- (2) If a company ceases to be a going concern after making a claim under section 1054, it is treated as if it had not made the claim (and accordingly there is treated as having been no payment of R&D tax credit to carry interest under section 826 of ICTA).
- (3) Subsection (2) does not apply so far as the claim relates to an amount that was paid or applied before the company ceased to be a going concern.
- (4) For the purposes of this section a company is a going concern if—
 - (a) its latest published accounts were prepared on a going concern basis, and
 - (b) nothing in those accounts indicates that they were only prepared on that basis because of an expectation that the company would receive relief or R&D tax credits under this Chapter ^{F11}....

[^{F12}This is subject to subsection (4A).]
- [^{F13}(4A) A company is not a going concern at any time if it is in administration or liquidation at that time.
 - (4B) For the purposes of this section a company is in administration if—
 - (a) it is in administration under Part 2 of the Insolvency Act 1986 or Part 3 of the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)), or
 - (b) a corresponding situation under the law of a country or territory outside the United Kingdom exists in relation to the company.
 - (4C) For the purposes of this section a company is in liquidation if—
 - (a) it is in liquidation within the meaning of section 247 of that Act or Article 6 of that Order, or
 - (b) a corresponding situation under the law of a country or territory outside the United Kingdom exists in relation to the company.]
 - [^{F14}(4D) For the purposes of this section, where a company (“A”) is a member of the same group as another company (“B”) and A’s latest published accounts were not prepared on a going concern basis by reason only of a relevant group transfer, the accounts are to be treated as if they were prepared on a going concern basis.
 - (4E) For the purposes of this section—
 - (a) a “relevant group transfer” is a transfer, within the accounting period to which the latest published accounts relate, by A of its trade and research and development to another member of the group mentioned in [subsection \(4D\)](#);
 - (b) A and B are members of the same group if they are members of the same group of companies for the purposes of Part 5 of CTA 2010 (group relief).]
- (5) Section 436(2) of the Companies Act 2006 (meaning of “publication” of documents) has effect for the purposes of this section.

Textual Amendments

F11 Words in s. 1057(4)(b) omitted (with effect in accordance with Sch. 3 para. 38 of the amending Act) by virtue of [Finance Act 2012 \(c. 14\)](#), [Sch. 3 para. 19](#)

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- F12** Words in s. 1057(4) inserted (with effect in accordance with Sch. 3 para. 40 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 3 para. 11\(2\)](#)
- F13** S. 1057(4A)-(4C) inserted (with effect in accordance with Sch. 3 para. 40 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 3 para. 11\(3\)](#)
- F14** S. 1057(4D)(4E) inserted (with effect in relation to accounting periods beginning on or after 1.4.2023) by [Finance \(No. 2\) Act 2023 \(c. 30\)](#), [Sch. 1 paras. 17\(3\), 20](#)

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Blanket amendment words substituted by [S.I. 2011/1043 art. 34](#)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 322(2A)(zb) inserted by [2016 c. 24 s. 73\(5\)](#)
- s. 934(1A)(1B) inserted by [2023 c. 30 Sch. 2 para. 12\(2\)](#)
- s. 962(3A) inserted by [2023 c. 30 Sch. 2 para. 12\(5\)\(b\)](#)
- s. 962A(3A) inserted by [2023 c. 30 Sch. 2 para. 12\(6\)\(b\)](#)
- s. 963(1A) inserted by [2023 c. 30 Sch. 2 para. 12\(7\)\(a\)](#)
- s. 1058B(5)(ea) inserted by [2023 c. 20 Sch. para. 57](#)
- s. 1094(2A)-(2C) inserted by [2012 c. 14 Sch. 3 para. 13\(3\)](#)
- s. 1106(4A)-(4C) inserted by [2012 c. 14 Sch. 3 para. 14\(3\)](#)
- s. 1138A applied by [S.I. 2024/348 reg. 3](#)