

*This Order corrects an error in S.I. 2004/3267 and is being issued free of charge to all known recipients of that instrument.*

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STATUTORY INSTRUMENTS

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**2005 No. 3376**

**CORPORATION TAX**

**The Research and Development Tax Relief (Definition of  
“Small or Medium-Sized Enterprise”) Order 2005**

*Made - - - - 7th December 2005*

*Laid before the House of Commons 8th December 2005*

*Coming into force in accordance with article 1*

The Treasury make the following Order in exercise of the powers conferred by paragraph 2(2) of Schedule 20 to the Finance Act 2000(a) and paragraph 2(2) of Schedule 12 to the Finance Act 2002(b):

**Citation, commencement and effect**

1.—(1) This Order may be cited as the Research and Development Tax Relief (Definition of “Small or Medium-Sized Enterprise”) Order 2005 and shall come into force on 31st December 2005.

(2) Article 2 has effect in relation to accounting periods ending on or after that date.

(3) Article 3 has effect in relation to expenditure incurred on or after 8th December 2005.

**Definition of small or medium-sized enterprise — Finance Act 2000, Schedule 20**

2. In paragraph 2(1) of Schedule 20 to the Finance Act 2000 (definition of small or medium-sized enterprises for the purposes of tax relief for expenditure on research and development by such enterprises) in paragraph (b) of qualification 1 for “either” substitute “both”.

**Definition of small or medium-sized enterprise — Finance Act 2002, Schedule 12**

3. In paragraph 2(1)(b) of Schedule 12 to the Finance Act 2002 (definition of small or medium-sized enterprise for the purpose of tax relief for expenditure on research and development: large companies and small or medium-sized enterprises) for the words from “means a small” to the end substitute “has the meaning given by paragraph 2(1) of Schedule 20 to the Finance Act 2000.”.

*Dave Watts*

*Vernon Coaker*

7th December 2005

Two of the Lords Commissioners of Her Majesty’s Treasury

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(a) 2000 c. 17. The definition was amended by article 2 of S.I. 2004/3267.  
(b) 2002 c. 23.

## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order amends the definitions of a “small or medium-sized enterprise” for the purposes of tax relief for expenditure in respect of research and development by such enterprises under Schedule 20 to the Finance Act 2000 and for large companies and small and medium-sized enterprises under Schedule 12 to the Finance Act 2002.

Article 1 provides for the citation, commencement and effect of this instrument.

Article 2 amends the definition in paragraph 2(1)(b) of Schedule 20 to the Finance Act 2000 to reflect accurately the effect of Commission Recommendation 2003/361/EC of 6<sup>th</sup> May 2003.

Article 3 amends the definition in paragraph 2(1)(b) of Schedule 12 to the Finance Act 2002 so that it cross-refers to the definition in Schedule 20 to the Finance Act 2000.

This Order does not impose new compliance costs on business.

**£3.00**

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