

*Status: Point in time view as at 01/08/2008. This version of this provision has been superseded.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2002, Paragraph 8. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 13

#### TAX RELIEF FOR EXPENDITURE ON VACCINE RESEARCH ETC

##### **Modifications etc. (not altering text)**

- C1** Sch. 13 modified (with effect as specified in art. 2 of the commencing S.I. of the commencing S.I.) by [Finance Act 2004 \(c. 12\), s. 53\(2\)\(6\)](#); [S.I. 2004/3268, art. 2](#)

##### **Commencement Information**

- II** Sch. 13 has effect in relation to expenditure incurred on or after 22.4.2003 by The Finance Act 2002, Schedule 13 (Appointed Day) Order 2003 ([S.I. 2003/1472](#)), art. 2 (with para. 28(1))

### PART 1

#### ENTITLEMENT TO RELIEF

##### *Treatment of sub-contractor payment where principal and sub-contractor are connected persons*

- 8 (1) Where the principal and the sub-contractor are connected persons and in accordance with generally accepted accounting practice—
- (a) the whole of the sub-contractor's payment has been brought into account in determining the sub-contractor's profit or loss for a relevant period, and
  - (b) all of the sub-contractor's relevant expenditure has been so brought into account,
- the whole of the payment (up to the amount of the sub-contractor's relevant expenditure) is qualifying expenditure on sub-contracted research and development.
- This is subject to paragraph 7 (conditions that must be satisfied by qualifying expenditure on sub-contracted R&D).
- (2) In sub-paragraph (1)—
- (a) “relevant expenditure” has the meaning given by paragraph 9, and
  - (b) “relevant period” means a period—
    - (i) for which accounts are drawn up by the sub-contractor, and
    - (ii) that ends not more than twelve months after the end of the principal's period of account in which the sub-contractor payment is, in accordance with generally accepted accounting practice, brought into account in determining the principal's profit or loss.
- (3) Any apportionment of expenditure of the principal or the sub-contractor necessary for the purposes of this paragraph shall be made on a just and reasonable basis.

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