

*Status: Point in time view as at 06/04/2005. This version of this provision has been superseded.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2002, Paragraph 14. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 12

#### TAX RELIEF FOR EXPENDITURE ON RESEARCH AND DEVELOPMENT

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

- C1** Sch. 12 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](#)

#### **PART 5**

##### SUPPLEMENTARY PROVISIONS

##### *Research and development expenditure of group companies*

- 14 (1) Sub-paragraph (2) applies where—
- a company (“A”) incurs expenditure on making a payment to another company (“B”) in respect of activities contracted out by A to B,
  - the expenditure incurred on the payment is research and development expenditure of A, and
  - A and B are members of the same group at the time the payment is made.
- (2) For the purposes of this Schedule —
- any of the activities contracted out by A to B and directly undertaken by B shall be treated (to the extent that it would not otherwise be the case) as research and development directly undertaken by B, and
  - where B makes a payment to a third party (“C”) in respect of any of those activities that are contracted out by B to C and directly undertaken by C, those activities shall be treated (to the extent that it would not otherwise be the case) as research and development contracted out by B to C.
- (3) For the purposes of this paragraph A and B are members of the same group if they are members of the same group of companies for the purposes of Chapter 4 of Part 10 of the Taxes Act 1988 (group relief).

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