

SCHEDULES

SCHEDULE 12

TAX RELIEF FOR EXPENDITURE ON RESEARCH AND DEVELOPMENT

PART 1

ENTITLEMENT TO RELIEF FOR R&D EXPENDITURE: LARGE COMPANIES

Qualifying expenditure on direct research and development

- 4 (1) The company's qualifying expenditure on direct research and development is expenditure incurred by it where the following conditions are satisfied.
- (2) The first condition is that the expenditure is incurred on research and development directly undertaken by the company.
- (3) The second condition is that the expenditure is incurred—
- (a) on staffing costs, or
 - (b) on consumable stores.
- (4) The third condition is that the expenditure is attributable to relevant research and development in relation to the company.
- (5) The fourth condition is that the expenditure is not of a capital nature.
- (6) The fifth condition is that, if the expenditure is incurred in carrying on activities contracted out to the company, they are contracted out—
- (a) by a large company, or
 - (b) by any person otherwise than in the course of a trade, profession or vocation the profits of which are chargeable to tax under Case I or II of Schedule D.