

53 Treatment of expenditure on research and development

(1) Expenditure by a company on research and development, if not of a capital nature, is not prevented from being regarded for tax purposes as deductible in computing profits by reason of the fact that for accounting purposes it is brought into account by the company in determining the value of an intangible asset.

(2) Subsection (1) applies, in particular, for the purposes of—  
section 82A of the Taxes Act 1988 (deduction of expenditure on research and development),

Schedule 20 to the Finance Act 2000 (c. 17) (R&D tax relief),

Schedule 12 to the Finance Act 2002 (c. 23) (tax relief for expenditure on research and development), and

Schedule 13 to that Act (tax relief for expenditure on vaccine research etc.).

(3) Where expenditure is brought into account by a company for tax purposes in accordance with subsection (1), no deduction may be made in computing for tax purposes the profits of the company in respect of the writing down of so much of the value of an intangible asset as is attributable to that expenditure.

(4) Expenditure shall not be regarded by virtue of subsection (1) as deductible in computing a company's profits for an accounting period to the extent that—

(a) a deduction has been made in respect of it in computing the company's profits for a previous accounting period, or

(b) the company has benefited from a tax relief in respect of it for a previous accounting period under any of the provisions specified in subsection (2).

(5) In this section—

“intangible asset” has the meaning it has for accounting purposes; and

“research and development” has the meaning given by section 837A of the Taxes Act 1988.

(6) This section shall come into force in accordance with provision made by the Treasury by order made by statutory instrument.