

1 Provision on research and development relief: Northern Ireland companies

- (1) CTA 2009 is amended as set out in subsections (2) to (5).
- (2) In section 1112A (overview), for subsection (6) substitute –
 - “(6) Section 1112J contains provision about the amount of relief to which certain Northern Ireland companies are entitled under Chapter 2.”
- (3) For section 1112J and the heading above substitute –

“Northern Ireland companies

1112J Chapter 2 relief for Northern Ireland companies

- (1) This section applies for the purpose of determining the entitlement of a Northern Ireland company to relief under Chapter 2.
- (2) A Northern Ireland company is entitled to additional relief under Chapter 2 only to the extent that the additional relief would be exempted from notification under Article 108(3) of the TFEU by a de minimis aid regulation listed in paragraph 3.4 of Annex 5 to the Windsor Framework (as amended or replaced from time to time).
- (3) In subsection (2), “additional relief” means the difference between the value of the relief claimed by the company under Chapter 2 in respect of expenditure and the value of the relief that could have been obtained by the company under Chapter 1A in respect of that expenditure.
- (4) This section does not apply to a company in relation to an accounting period if the company –
 - (a) has not, at any time during the accounting period, carried on a trade involving –
 - (i) trade in goods, or
 - (ii) the generation, transmission, distribution, supply, wholesale trade or cross-border exchange of electricity, and
 - (b) has notified an officer of Revenue and Customs in writing that it wishes to rely on the exception in this subsection.
- (5) In this section –

“Northern Ireland company” means a company whose registered office is in Northern Ireland;

“TFEU” means the Treaty on the Functioning of the European Union as it has effect by virtue of Article 10 of the Windsor Framework;

“Windsor Framework” means the part of the EU withdrawal agreement known as the Windsor Framework by virtue of Joint Declaration No. 1/2023 of 24th March 2023 made by the European Union and the United Kingdom in the Joint Committee established by the EU withdrawal agreement.”
- (4) In subsection 1138A(1) (research and development undertaken abroad)–

- (a) for subsection (1)(b) substitute –
 - “(b) the research and development is undertaken, or contracted out, by a company whose registered office is in Northern Ireland.”
- (b) after subsection (4) insert –
 - “(5) Subsection (1)(b) does not apply in relation to a company in respect of an accounting period if the company –
 - (a) has not, at any time during the accounting period, carried on a trade involving –
 - (i) trade in goods, or
 - (ii) the generation, transmission, distribution, supply, wholesale trade or cross-border exchange of electricity, and
 - (b) has notified an officer of Revenue and Customs in writing that it wishes to rely on the exception in section 1112J(4) (restriction of Chapter 2 relief for Northern Ireland companies).”
- (5) In section 1142E(b) (orders and regulations: ancillary provision), omit “or areas”.
- (6) The Research and Development (Chapter 2 Relief) Regulations 2024 are revoked.
- (7) The Relief for Research and Development (Content of Claim Notifications, Additional Information Requirements and Miscellaneous Amendments) Regulations 2023 are amended as follows –
 - (a) in regulation 3(4), omit the definition for “the Chapter 2 Regulations”;
 - (b) in paragraph 1(2)(b) of Schedule 2, for “regulation 2(3) of the Chapter 2 Regulations” substitute “section 1112J(4) of CTA 2009”;
 - (c) in paragraph 10 of Schedule 2 omit sub-paragraphs (1)(a) and (b) and (2) and insert –
 - “(a) a statement to the effect that any additional relief claimed by the company under Chapter 2 would be de minimis state aid, and
 - (b) the total value of de minimis state aid received by the company from the United Kingdom in the period of three years ending with the day on which the claim is made;
 - (2) For the purposes of sub-paragraph (1) –
 - “additional relief” has the meaning given in section 1112J(3) of CTA 2009;
 - “de minimis state aid” means aid that is exempted from notification as described in section 1112J(2) of CTA 2009.”
- (8) The Income and Corporation Taxes (Electronic Communications) Regulations 2003 are amended as follows –

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- (a) in regulation 2(1)(a)(xi) for “regulation 2(3)(b) of the Research and Development (Chapter 2 Relief) Regulations 2024” substitute “section 1112J(4)(b) of CTA 2009”;
 - (b) in regulation 3(2AA)(c) for “regulation 2(3)(b) of the Research and Development (Chapter 2 Relief) Regulations 2024” substitute “section 1112J(4)(b) of CTA 2009”.
- (9) The amendments and revocation made by this section have effect in relation to claims made on or after 30 October 2024.