R&D tax relief advance clearances: CIOT and ATT responses

Large Corporate OMB



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CIOT and ATT responded to the consultation on Research and Development tax relief advance clearances published in March 2025.

The consultation (tinyurl.com/22tw2nzd) sought views on clearances for the Research and Development (R&D) tax reliefs, with the aims of reducing error and fraud, increasing certainty for customers and improving customer experience. CIOT welcomed the policy aims of the consultation, and ATT noted that claimants continue to face significant uncertainty about whether activities qualify as R&D and who can claim for contracted-out work, saying that advance assurance in these areas would help to support genuine innovation and investment. However, CIOT highlighted concerns that not all the competing policy aims will be easily achieved through a single new system of clearances. CIOT are concerned that a clearance system which conflates the various policy aims may result in something that is unsatisfactory and underdelivers on all of them.

Both CIOT and ATT responses noted that the current advance assurance regime for R&D tax relief is underutilised. Many claimants and advisers feel that the time and cost of seeking advance assurance outweigh the perceived benefits. To encourage uptake, the ATT recommends that the government allocates additional resources, improves flexibility and ensures that assurance is administered by individuals with appropriate skills and expertise. CIOT agreed that delivering an effective advance clearance system would depend to a very large extent on HMRC's capacity and available resource.

The ATT said that it does not support limiting advance assurance to specific sectors or company types. It should be accessible to any business seeking reassurance, regardless of size or industry. CIOT also said that it would prefer to see a voluntary service available to all potential R&D claimants but could understand the rationale for focusing a voluntary service on growing and high-potential companies. However, CIOT cautioned that identifying sectors with clarity will be difficult.

Similarly, the ATT opposes the introduction of a minimum expenditure threshold (MET) for R&D claims. Whether or not an activity is qualifying R&D depends on the nature and purpose of the work undertaken, not the amount spent on it. Perfectly good R&D work can be, and indeed is, undertaken for relatively small amounts of money. The CIOT agreed with this as a matter of principle but also said that there are good practical arguments in favour of a MET. CIOT suggested that if a MET is introduced, there should be an exceptions process for those below the threshold, so that these companies have an opportunity to request an advance assurance if they are below the threshold and demonstrate that they are undertaking R&D.

The ATT does not support the introduction of mandatory clearances for certain claimants, as this risks creating a two-tier system within the R&D tax relief regime. However, considering the significant levels of fraud identified, the ATT acknowledges that there may be a case for targeted mandatory clearances in high-risk sectors. That said, accurately identifying and defining these sectors – and ensuring that the right companies are included – would present considerable practical challenges.

The CIOT broadly agreed with this and added that the approach to voluntary and mandatory assurances should and would necessarily be different because of the different primary policy aims for each. The policy aims of providing certainty and improved customer experience would require a voluntary advance clearance system that is enabling and helpful for customers; whereas a system focused on tackling

error and fraud would have a different approach.

Neither the CIOT nor the ATT consider that any of the three options for voluntary or mandatory assurances set out in the consultation would be particularly useful or attractive.

ATT said that, rather than adding further compliance burdens, the government should take a broader look at how to reduce error and fraud. The ATT sees merit in considering a shift to a system where all claims are reviewed before payment. This would help to prevent fraud and provide certainty to claimants. It would have resource implications for HMRC, but the Exchequer gains made from the reduction in fraud could compensate for this. While recognising the radical nature of such a change, the ATT encourages the government to explore this option further as part of a more strategic, long-term approach to reforming the R&D tax relief system.

CIOT challenged HMRC to consider what a mandatory assurance requirement would add to the existing compliance measures, particularly the claims notification requirement. The claims notification form alerts HMRC to a new claimant, and HMRC can contact the potential claimant and/or open an enquiry if a claim has been made (depending on the timing), and HMRC has doubts as to the veracity of the claim. Using this existing compliance measure better would be less resource intensive than considering an advance assurance application from the same population.

Our full responses can be found at:

CIOT: www.tax.org.uk/ref1484

ATT: www.att.org.uk/ref485

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