

HM REVENUE & CUSTOMS



R&D Tax Relief Statistics

Key figures from the latest HMRC
publication

R&D tax relief grew, but the growth was not evenly shared

Total R&D tax relief support reached an estimated £8.2bn in 2024-25, up **5%** on the previous year. But beneath the headline increase, the direction of travel differed sharply by company size.

Qualifying expenditure attributed to large companies rose **14%** to £30.2bn, while SME expenditure fell **3%** to £20.7bn.

The latest figures therefore point to a growing concentration of R&D expenditure and relief among larger businesses.



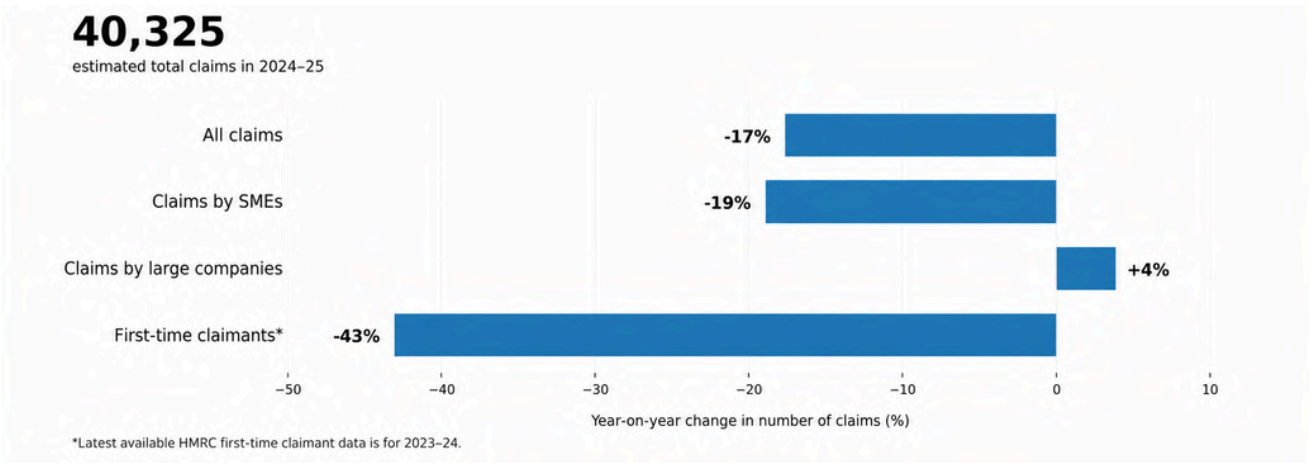
SMEs are leaving the scheme while large-company claims rise

The overall number of R&D claims fell by **17%** in 2024-25, but that headline masks a significant difference between SMEs and larger companies.

Claims made by SMEs fell by an estimated 19%. Claims made by large companies increased by **4%**.

This means the reduction in claimant numbers is overwhelmingly an SME story rather than a general decline in the use of R&D tax relief.

first-time claimants fell 43% to around 5,250 in 2023-24, with SME first-time claimants falling to 3,405.



What HMRC says is driving the fall

HMRC identifies the continuing effect of the Additional Information Form as a key driver of lower claim volumes, alongside the scheme and rate changes now feeding through the data.

Relief is becoming increasingly concentrated in larger claims

Claim numbers are falling, but the value of the remaining claims is moving in the opposite direction.

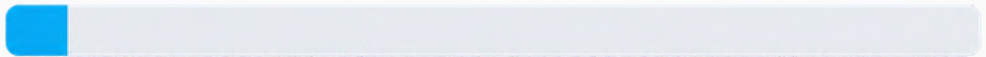
Claims of £500,000 or more represented just 6% of the claimant population but accounted for 69% of total relief.

A small share of claims accounted for most of the relief.

6%

of claims

Claims of £500,000+



69%

of total relief

Relief represented by those claims



Only 6% of claims accounted for 69% of total R&D tax relief.

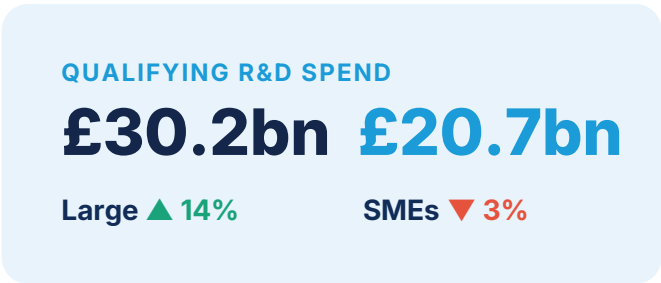
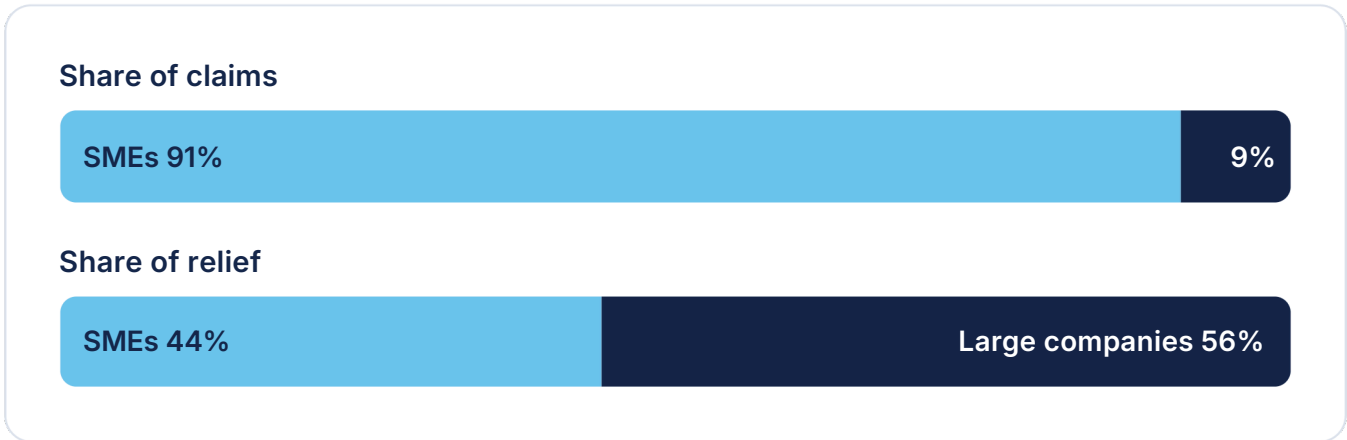
This concentration became more pronounced as claim values increased across the year. The average claim value rose by 27%, while the number of claims worth more than £2 million increased by 14% and the value represented by those claims rose by 21%.

The figures suggest that, while overall claim numbers have fallen, a growing share of R&D tax relief is being concentrated in a relatively small number of higher-value claims

Large companies accounted for 9% of claims, but received 56% of the relief

Large companies accounted for around 3,800 R&D tax relief claims in 2024-25, yet received approximately £4.6bn of the £8.2bn total support.

By comparison, more than 36,000 SME claims shared the remaining £3.6bn.



R&D spend by large companies grew twice as fast as total R&D spend in the claims.

What the statistics **don't** show

HMRC identifies the Additional Information Form as one of the factors behind the fall in claim numbers. However, there is another administrative requirement that is not separately measured in these statistics: claim notification.

From our own work with businesses, we are seeing cases where otherwise eligible claims cannot proceed because the notification deadline has already passed.

When claim notification applies

For accounting periods beginning on or after 1 April 2023, some companies are required to notify HMRC in advance that they intend to make an R&D claim.

The deadline is six months after the end of the relevant accounting period.

Broadly, notification is required where a company is claiming for the first time, or has not made an R&D claim within the relevant previous period. If notification is required and the deadline is missed, the company may no longer be able to make a claim for that accounting period.

WHAT WE'RE SEEING

Returning claimants

A business may have claimed R&D tax relief previously, paused for a period, and assumed the same process still applies when it starts claiming again. In some cases, the notification exemption no longer applies and the deadline has already passed.

First-time claimants

For first-time claimants, the notification deadline can arrive well before the Corporation Tax return is due, particularly for early-stage businesses unfamiliar with the process.

R&D expenditure increased, but the growth came from larger companies

HMRC says qualifying expenditure is a useful comparator because the rates and routes for claiming changed substantially between recent years.

Qualifying expenditure rose 7% year on year in 2024-25.



Expenditure by company size



Total qualifying R&D expenditure reached £51.0bn in 2024-25, up 7% from the previous year.

The direction differed significantly by company size. Qualifying expenditure attributed to large companies increased 14% to £30.2bn, while SME expenditure fell 3% to £20.7bn.

This follows the same pattern seen across the wider statistics, with increasing R&D expenditure among larger companies while SME participation has continued to fall.

What the 2024-25 statistics show us

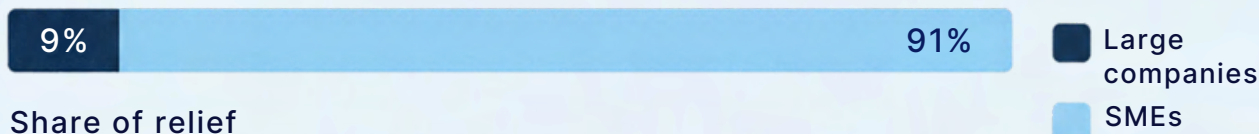
The latest HMRC statistics highlight a clear shift in the use of R&D tax relief, with fewer SME claimants and a growing concentration of expenditure and relief among larger companies.



9% of claims, but 56% of the relief

Large companies accounted for a relatively small proportion of claims, but received more than half of the total R&D tax relief in 2024-25.

Share of claims



Share of relief



Taken together, the figures show a changing R&D tax relief landscape. SME claim numbers and qualifying expenditure have fallen, while both have increased among larger companies. At the same time, the value of relief has become increasingly concentrated in higher-value claims.



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