HOW RESEARCH & DEVELOPMENT TAX CREDITS COULD SAVE YOU MONEY

Does your company qualify for a deduction in corporation tax through Research & Development (R&D) Tax Credits?

In our experience many organisations fail to realise that their activities qualify as R&D expenditure. There are many misconceptions around the associated tax relief which means your company could be missing out on potential tax savings. It is worth reviewing your activities and operations to see if you could benefit from this incentive. Consider the following questions:

- Have you developed your own software?
- Have you developed internal processes that reduce costs and improve production times?
- Are you using existing technologies in a unique way? Are you using two or more existing technologies in a manner they have never previously been combined?
- Do you carry out any design work?
- Do you manufacture products?
- Has your company made advances in science and/or technology? If you answered yes to any of above then your organisation could generate a significant cash refund.

What are R&D Tax Credits?

R&D Tax Credits are a tax relief on projects being undertaken that aim to achieve a scientific and/or technological advance through the resolution of uncertainty in these areas of work. The relief was developed through consultation with business and is part of the Government's policy of encouraging UK companies into technological innovation and research and development projects that improve the countries international competitiveness.



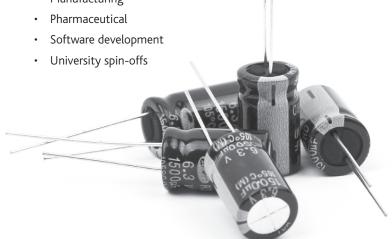
What are the qualifying criteria for this relief?

Understanding if you qualify for a claim is difficult due to the terminology used which results in many organisations overlooking projects and activities that could be eligible.

Distinguishing your different activities and identifying if they resolve uncertainties can be quite challenging. Generally, if you are improving processes in the business or attempting to, then there could be a case for making a claim.

Your activity doesn't have to result in a successful service, process or end product to qualify. All costs associated with exploring a new idea or initiative could be eligible even if the project fails or is scrapped. Another crucial point is R&D Tax Credits do not just apply to medical research and scientific laboratory work from University spin-offs. We have obtained claims successfully for companies in a vast range of areas including a market research consultancy, an organisation that assembles and installs light fittings and a cardboard box manufacturer among many others. The following sectors tend to benefit from R&D related claims:

- Aerospace
- Automotive
- Biotechnology
- Construction
- Defence
- Engineering
- Food
- Manufacturing



Our team:

- Identify qualifying projects and costs
- Prepare calculations for submission to HM Revenue & Customs (HMRC)
- Liaise with HMRC on any matters arising

In the first instance we would look to hold an initial free meeting with you to explore and understand your expenditure. From this we would identify the relevant work undertaken in the last 2-3 years to analyse the merit of any potential claim against the Government's complex eligibility criteria.

If successful, the credit is then made available either as a deduction to corporation tax based on R&D spending or in the case of certain loss making small or medium sized companies to surrender their losses in return for a cash payment from HMRC.

What you need to consider

- Do you have new products or services in the pipeline that might qualify?
- Review your existing products and services against the questions and criteria in this document?
- Review any current or pending patents covering products/services for eligibility.
- Ensure you have the necessary systems and processes in place to be able to track this income for an HMRC review.

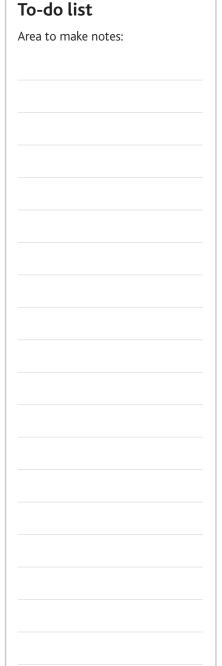
The legislation concerning R&D tax credits is complex, potentially confusing and ever changing. Not only do you need an in depth knowledge of the law in this field but also how it is applied by HM Revenue & Customs. It is therefore important to seek professional advice to maximise any potential claim.

Contact

For more information on this relief and advice concerning if you qualify and processing your claim, contact:

Stuart Crook

T: 020 7630 6665 or 01865 723 131 E: stuart.crook@wellersaccountants.co.uk



Wellers are a breath of fresh air for those looking for accountancy services and professional advice. Whether working with a major business, a smaller enterprise or a private client Wellers are more than merely number crunchers. It's something our clients refer to as Business Oxygen - integrated professional services and management tools bonded with the chemistry of a trusted relationship. The success of our long lasting client relationships is based on this combination of shared goals, integrity and trust. Based in the South East and established 70 years ago, Wellers provide a comprehensive range of accountancy and business advisory services. Partners work integrally with each client to achieve their business objectives.

Wellers London
1 Vincent Square, London,
SW1P 2PN
Tel: +44 (0)20 7630 6665
Fax: +44 (0)20 7630 1977
info.london@wellersaccountants.co.ul

Wellers Oxford 8 King Edward Street, Oxford, OX1 4HL Tel: +44 (0) 1865 723 131 Fax: +44 (0) 1865 726583 info.oxford@wellersaccountants.co.uk

Wellers Thame
Millweye Court, 73 Southern Road,
Thame, Oxon, OX9 2ED
Tel: +44 (0)1844 212 616
Fax: +44 (0)1844 212 626
info.thame@wellersaccountants.co.uk

Wellers Banbury
Kineton House, 31 Horse Fair,
Banbury, Oxon, OX16 0AE
Tel: +44 (0)1295 272 229
Fax: +44 (0)1295 272 230
info.banbury@wellersaccountants.co.uk

© Wellers 2012