

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
- Pharmaceutical
- Software development
- University spin-offs



