



Quick summary

- If your company is involved in innovation then you may be eligible for a form of tax relief known as R&D tax relief.
- Your corporation tax bill could significantly reduce.
- There are only 2 years from the end of an accounting period in which to make a claim.
- By seeking specialist advice early you can ensure that tax savings are maximised.

Contact us

To discuss how we can help please contact one of:

Andrew Marr
Partner

andrew@forbesdawson.co.uk
+44(0)161 927 3854
+44(0)796 749 8216

Tom Minnikin
Associate

tom@forbesdawson.co.uk
+44(0)161 927 3856
+44(0)771 775 3306

Tax relief for research and development

Is your company undertaking projects in which you are seeking to find an advance in the overall knowledge or capability in science or technology? Are you seeking to develop products or processes that might be considered 'ground-breaking' in your industry? Does any of your work involve innovation and overcoming uncertainty?

If the answer to any of these questions is yes then your company may be entitled to claim R&D tax relief.

This article briefly explains how the relief works, and how we can help you identify whether a claim can be made.

What is R&D tax relief?

R&D relief is available to companies who are liable to pay UK corporation tax and who incur expenditure relating to R&D type activities.

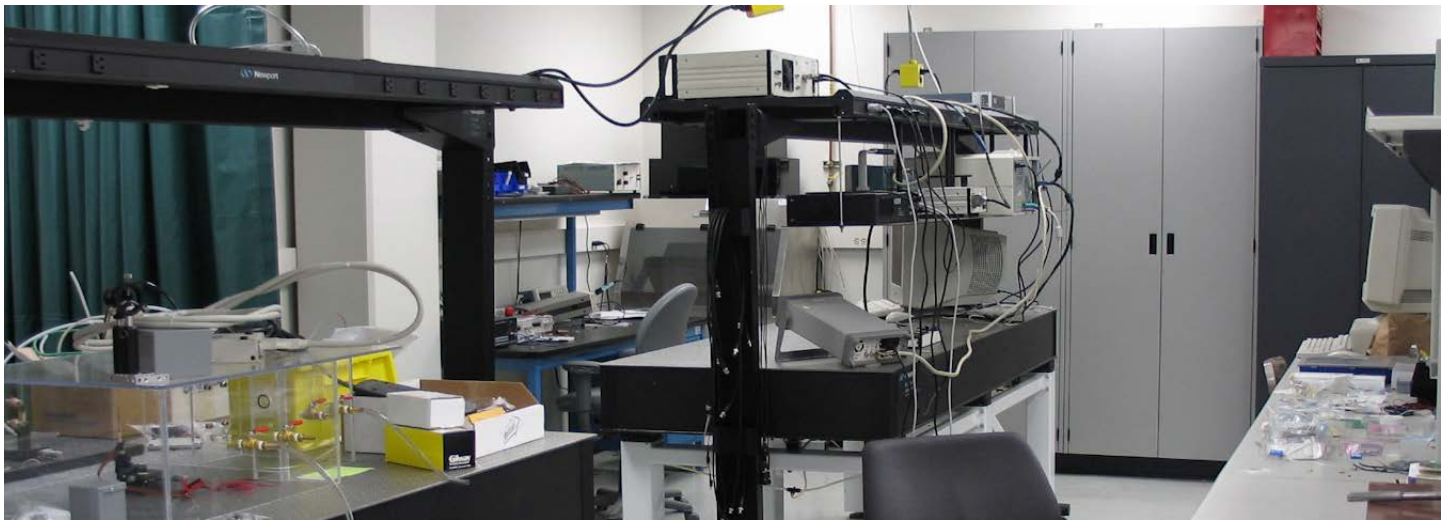
A company's tax bill may reduce or small companies may even be given a cash sum.

Do you qualify for R&D tax relief?

Projects could be classed as R&D if they;

- extend overall knowledge or capability in a field of science or technology; or
- create or make an appreciable improvement to a process, material, device, product or service which incorporates an increase in overall knowledge or capability in a field of science or technology; or
- use science or technology to duplicate the effect of an existing process, material, device, product or service in a new or improved way.

R&D relief can still be obtained even if the advance sought is not achieved!



How much relief?

For small and medium sized companies ("SMEs"):

From 1 April 2012, SME's can claim 225% tax relief on their qualifying R&D costs.

This means for every £100 of qualifying costs, the company's obtain a £225 deduction.

The additional benefit is approximately £30 per £100 spent.

For large companies:

Large companies can claim 130% tax relief, so for every £100 spent on allowable costs, the income is reduced by an extra £30.

This equates to an additional tax benefit of about £70 for every £1,000 spent.

For capital expenditure, there is the option for all companies to claim 100% first year allowances on qualifying items.

Small and Medium sized companies:

For R&D purposes, a company is classed as an SME if it has:

- less than 500 employees and either:
- turnover is less than €100m, or
- gross assets are less than €86m.

How long do I have to claim?

After the end of your accounting period, companies have only 2 years to submit a claim.

Which costs qualify?

Items of revenue expenditure which typically qualify for the relief include:

- Staff Costs
- Costs of materials
- Utilities relating to the R&D project
- Payments to clinical trials volunteers
- Software
- Subcontracted costs (SME's only)
- Grants and Subsidiaries (SME's only)

How we can help?

Forbes Dawson have considerable experience in the field of R&D relief having been involved in advising on numerous projects for existing clients.

The services we offer include:

- Helping companies identify if the areas of their business qualify for R&D tax relief.
- Advising on best practices to ensure that claims are maximised - even if you are already making a claim, we will help to make certain that your company is receiving the full amount of tax relief available.
- Preparing detailed R&D reports to submit to HMRC summarising claims, and making necessary adjustments/disclosure within the tax return.

Please contact us for further information, and a free consultation.