

# 7 common myths about R&D tax credits

We all love a good myth, particularly mythical creatures, and especially unicorns!

The kind of myths we don't like though, are those about R&D tax credits, because these myths can frighten companies into believing that R&D tax credits aren't for them.

So it's time to venture forward and dispel some of those R&D tax credit myths!

## 1 – You're not eligible for R&D tax credits unless you wear a white coat and work in a laboratory.

**MYTH!** Any limited company from any sector can be eligible for R&D tax credits - from biotechnology (where there are actually lab coats) to manufacturing; IT to food and drink; engineering to renewable energy (plus all the other sectors we haven't mentioned!). As long as you are working towards an advance in your field and facing uncertainty in how to do it you could very well be doing R&D.

## 2 – You can only claim for successful projects.

**MYTH!** You can claim R&D tax credits for any eligible R&D project whether there was a successful outcome or not. In fact failure can be a good sign of eligibility – what can be more uncertain than a seemingly impossible project?

## 3 – You can only claim for your current financial year.

**MYTH!** You can make a retrospective claim up to 2 years from your current financial year end, which means companies new to the scheme can still go back and claim for older projects rather than missing out.



ABGI-UK were able to uncover R&D projects in areas we were completely unaware of, and I wish we had known about them years ago! I would recommend every manufacturing company in Scotland to consider contacting ABGI for advice on R&D as I reckon many will be pleasantly surprised with the results.

| ALLAN MCDONNELL  
| MANAGING DIRECTOR  
| JOHN WATSON & CO



## 4 – Receiving a grant is a death knell for a claim.

**MYTH!** Whilst it is true that some grants can complicate an R&D tax relief claim, it is still possible to make a claim no matter what other funding you have received.

## 5 – You can't claim if you are subcontracted to do work by another company.

**MYTH!** Subcontracting can be a tricky situation in an R&D tax credit claim, but it doesn't necessarily mean you can't claim. You need to be very sure about your contractual situation, the work you are contracted to do and who is bearing the brunt of the cost, as all these can have an effect on the eligibility of subcontracted work.

## 6 – Claiming R&D tax credits is too complicated.

**MYTH!** Ok, sort of a myth, it's a complicated process that requires knowledge of your technology (easy for you!) but also an in depth knowledge of HMRC's R&D tax credit legislation (not so easy!). But you can cut out the difficult part by enlisting the help of an R&D tax credit expert who can take on the hard work and complications for you.

## 7 – All R&D tax credit providers are the same.

**MYTH!** Unlike other R&D tax credit consultancies, we put your technology at the heart of a claim, leading to a maximised result! To find out more call, talk to ABGI-UK. we'll help you weed through the myths and provide a comprehensive service to ensure you have the best R&D tax credit experience possible\*

\* *unicorn not included*

**For a free R&D tax credit consultation and analysis of the potential returns you might expect from your projects, contact the ABGI-UK team**

### About ABGI

ABGI is an international leading tax incentive and innovation management advisor. We help companies accelerate financial performance, innovation and business expansion by capitalising on their R&D and innovation activities, in compliance with all rules and regulations. **Whatever innovation funding challenges you face – in the UK or internationally – we can help.**