

Why you should be claiming R&D tax relief.

If you are a company where you have people and costs associated with project activities aimed at advancing what you do, then you could be eligible for R&D tax credits.

The Research and Development Tax relief scheme was launched back in 2000 and the scheme is administered by HMRC. The principle is very straightforward and is a win-win scenario for both the UK economy and the eligible companies.

If the government can make it easier through tax relief for companies to invest in innovation, then it is more likely that these companies will undertake innovative projects to benefit their business growth and contribute to the UK's future success and standing.

The good news is that since its launch the benefits of the scheme have increased significantly, so there has never been a better time to claim.

WHAT ARE THE BENEFITS?

R&D Tax Relief applies to both profit making companies paying Corporation Tax and also loss-making companies who are not, both are able to claim for eligible activities.

Relief can be received as lowered corporation tax or in some cases as a payable cash credit. The calculations are many and varied so the simplest way to help you understand what you might get in the form of SME tax relief (dependent on a number of contributing factors of course) is around 25p for every £1 you have spent on eligible activities.

CAN YOU CLAIM?

This is where HMRC's terminology can create confusion and probably why so many companies failed to recognise that they were eligible for tax relief, even to this day.

In the words of HMRC it was created to benefit companies striving to achieve technical and scientific advances through projects that extend the current industry baseline, and where uncertainty in the outcome exists and the methods used to achieve success are not readily deductible. See what we mean? It's not particularly clear what's eligible and what's not.



And at the end of it, we got a lovely big cheque from HMRC. We're doing a lot of cutting edge stuff here at Navmii and now getting the money back for it, which is as it should be.

| JOHN BOARDMAN
| COO
| NAVMII



The simplest way to finding out whether you may be eligible to claim is asking yourself some questions like: Have we developed new tools, products or services using technology? Have we tried to improve our existing products through technical changes? At the start of a project, did we ever think 'I'm not sure of the best way to do this'?

HOW CAN YOU CLAIM?

The reality is that there are a number of ways that you can claim for R&D tax relief. You can claim yourself, through your accountant or through a specialist service provider. However, it's important to understand the implications of your choice and the consequences that can be generated.

The accountant route is often assumed to be the logical choice because it is a tax process. The reality is that, if the claim is assessed properly the activity is 80% technically focused. There are some things that accountants are best equipped to manage on behalf of their clients and logically these are all things purely accounting based.

The great majority of accountants are not technical and will not understand what you do, how you do it, the context of your projects and known industry alternatives and therefore generally submit conservative claims that are largely under the legitimate entitlement for the client.

PARTNERSHIP IS THE WAY TO GO

The key is to identify as much eligible expenditure as you can; The more you identify, the greater the value of the relief you'll receive from HMRC. So the ideal partnership to deliver the best results for any client is the combination of a specialist technical R&D tax relief advisory firm such as ABGI-UK, who speaks both your language and HMRC's; and your accountant.

In collaboration they can manage the assessment, preparation and submission on your behalf, ensuring you receive the biggest return for the least possible effort.

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.**