

R&D tax relief

R&D tax

PRECISE. PROVEN. PERFORMANCE.

Claim your due in R&D tax relief

Could your business benefit from a reduced tax bill or cash refund from the government? If you are not already claiming Research and Development (R&D) tax relief, perhaps you should be. You may be surprised as to what is classified as R&D.

There is a lot of terminology around R&D tax relief, but don't be put off. The key point is that since 1 April 2015:

- If you are an SME, for every £100,000 spent on R&D, you can receive a £230,000 deduction from your corporate taxable profits potentially triggering a cash refund of up to £26,000 or, if loss-making, gain a cash refund of up to £33,000.
- If you are a large company, you can trigger a benefit of up to £120,000 in the accounts for every £1,000,000 spent in the company's accounts under the R&D expenditure credit scheme.

These are valuable benefits. And if you think you are not spending any money on R&D, think again. You may well be.

Can you answer "yes" to any of these questions?

- Do you manufacture anything?
- Do you carry out any design work?
- Have you developed your own software?
- Have you developed any processes including software that improve internal efficiencies?
- Are you using existing technologies in a unique way or combining or interfacing them in an original manner?

If you can answer "yes" to any of these (and there are more prompts we can put to you), then you might be able to claim R&D tax relief.

How do I know what I can claim?

Essentially, R&D tax relief focuses on 'projects' that are 'seeking an advance in science and/or technology' through the 'resolution of scientific, and/or technological uncertainty'.

This wording is not particularly easy to interpret and can lead people to overlook potentially eligible R&D costs. For example, they may not have classified certain activities as projects. They may not have fully appreciated that some activities are resolving uncertainties. But if, for example, you are trying to improve certain processes in your business, there will usually be an element of uncertainty about whether you will succeed. Associated costs could therefore be eligible for an R&D tax relief claim.

Can I claim for R&D projects that fail or are abandoned?

Potentially yes. Your R&D activity doesn't have to result in a successful product, service or internal process improvement for you to be able to file a successful claim. Even if you only investigate an idea briefly, any costs incurred in doing so could be eligible.

What if I don't have the time or expertise to look into my eligibility for R&D tax relief?

Speak to us. We have expertise and resources to help. We have a specialist team of around 30 engineers and advisors who have successfully claimed over £250m in tax credits for our clients. After an initial, free, one-hour open discussion we can generally assess within reason the merit of any potential claim or refund. Subsequently, if we do not save you tax or generate a refund, we will not charge you any fee. Unless we achieve a win for your business, we don't expect a win for our firm.

Are there any pitfalls when making a claim for R&D tax relief?

There are quite a few potential pitfalls. The tax legislation around R&D claims is highly complex, as is the case law. There are many grey areas to confuse the inexperienced. HMRC's

requirements are also constantly changing. Therefore, achieving successful R&D tax relief claims that maximise cash returned to the business depends on having a deep and current understanding not only of the legislation, but the way that HMRC applies it.

Why is Moore Stephens the right firm of advisers for my business?

- A partner-led service: in this way, we make sure that the greatest knowledge, experience and insight is applied to every R&D tax relief claim.
- Our large specialist R&D team: we have over 30 professionals across our offices, ensuring we have the resources to pursue claims thoroughly and efficiently. Our team blends tax, engineering and technology expertise so that we can identify qualifying expenditure correctly.
- Strong track record: through our work, in excess of £200 million in tax credits and refunds has been successfully delivered to clients across numerous business sectors.
- 100% success rate: not a single R&D tax relief claim we have made has ever failed. This is important.
- We ensure clients only claim the relief to which they are entitled, avoiding extensive and disruptive investigation from HMRC.
- Engineers: All our engineers have been trained in R&D and work exclusively within the team. Further, they are all employed by Moore Stephens thereby binding them into client confidentiality agreements.
- Accountants: Our qualified accountants can assist with the reporting of R&D benefits within financial statements.
- Ability to build long-lasting client relationships: 95% of businesses we advise on R&D tax relief claims renew their contracts with us.
- Our full claim management service: we handle the paperwork, enabling you to remain focused on running your business. We provide effective documentation to meet all compliance requirements.



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