



## Research and Development Tax Relief...

turning your bright sparks into serious tax relief!

*Is your company carrying out and research and development?*

*Most companies either answer “no”, or “yes, but we can’t claim, can we?”*

These are common misconceptions. The Government's R&D tax relief scheme isn't just for companies with R&D departments and men in lab coats.

*Who is eligible?*

Over 8,300 companies already claim more than £980m each year in R&D tax relief from HM Revenue and Customs, but many more thousands are missing the opportunity. Is your company one of them? You should definitely consider R&D Tax relief if your company belongs to the following categories -

- Technology
- Software developing
- Software services
- Biotechnology
- Cloud-based technology or services
- Engineering
- Automotive
- Mechanical electrical and process engineering

*Do you qualify?*

R&D takes place when a project seeks to achieve an advance in science or technology, with activities that directly contribute to resolution of scientific or technological uncertainty. An activity will qualify for R&D tax relief if it satisfies two conditions:

1. It seeks to achieve an advance in science or technology at an industrial level; and
2. It requires scientific or technical uncertainties to be overcome.

If you can meet both of those conditions, an R&D claim should be available.

*How can your company benefit?*

From April 2012, companies have been able to deduct up to 225% of qualifying expenditure when calculating their profit for tax purposes. What's more, you can claim R&D tax relief on expenditure that's up to three years old.

The precise size of the tax relief will depend on the size of your company, its tax rate and how many of your activities are eligible. Smaller companies, for example, can claim at a higher rate and qualify for a tax credit if they are loss making. Large companies and companies that receive grants towards their R&D expenditure can also benefit and are able to claim a deduction for 130% of their qualifying expenditure





### *What cost qualify?*

The costs which directly contribute to the R&D activity that can qualify for enhanced relief are:

- Staff costs: Salary, wages, bonuses, employers pension contributions and national insurance
- Software and consumables: Software used for R&D and items used up in the R&D process
- Overheads: Power, heat, light, fuel, water, etc
- Externally provided workers: 65% of sub-contractors and other external workers fees, but not agency fees

### *Why use Thomson Cooper?*

Our specialist R&D analysts have considerable experience gained from an extensive portfolio of successful claims. We have experience in multiple sectors and provide advice on all R&D related matters including taxation, finance, accounting, and liaising with HMRC. We can help you establish the claim and prepare a report for submission to HMRC.

To arrange a free consultation to discuss your projects and to determine if you can reclaim R&D enhanced relief, please call Thomson Cooper Partner Alan Mitchell on 01383 628800.

