

RESEARCH & DEVELOPMENT

Tax Credits



ICAEW
CHARTERED
ACCOUNTANTS



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What are R&D Tax Credits

The Research The research & development (R&D) tax credit is designed to encourage innovation and increase spending on R&D activities for companies operating in the UK.

How do I know if my project is eligible for an R&D Tax Credit claim?

As a general rule, if you have employed professional engineers, developers or other technical specialists to develop an innovative or new solution to an existing problem and can demonstrate significant expenditure on this, then it is very likely that the criteria will be fulfilled.

Technical Uncertainty – if the uncertainties that the project tackles are readily deducible by an experienced professional,

- Innovation – if the project delivered an outcome classed as above common knowledge, then it would pass the innovation test for R&D.



- Cost – whilst there is no lower limit on expenditure, the higher the amount spent on a project then the more likely it will be to qualify for tax relief (due to the high cost of the majority of research and development).
- Qualifications – If you have been employing ‘competent professionals’ such as qualified technical experts in a specific field then this could indicate R&D eligibility.



EXAMPLE ACTIVITIES

- Software development
- Automation
- Failed & successful projects
- Development of innovative Recipes
- Development of innovative formulas
- Development of new materials
- Improved processes
- Development of new & EXAMPLE COSTS improved products



Step 1

We establish your eligibility and get a thorough understanding of your business and research activity.

Step 2

Our team of accountants and tax experts build your claim and submit to HMRC.

Step 3

You receive your benefit from HMRC and we get paid. 4-6 weeks is not untypical.

Step 4

Re-Invest

How much is it worth to you?

The precise calculations can be daunting depending on your situation but as a thumb rule, if you're a profitable you can expect about 25% of your R&D costs refunded. If you're loss-making Small Business, you can expect about 33% back. If you're around breakeven, it can go down to 15%.

SME Sample Calculation	
Profit/(Loss) before claim	£50,000
R&D qualifying spend	£250,000
R&D enhanced deduction	£325,000
Profit/(Loss) after claim	(£275,000)
Corporation tax saved	£9,500
Potential payable tax credit	£39,875
£49,375	
Potential payment from HMRC	



Why use us ?

- ICAEW Chartered Accountants
- Competitive Pricing
- HMRC compliant reports
- Qualified Staff with R&D experience
- We will deal with all HMRC enquiries
- Quality in everything we do
- You only pay once your claim is successful
- Our clients receive an average of £54,000 in rebates.