

Best Practice for...

Resolving HMRC Inquiries

The route to successfully securing R&D tax relief can sometimes be protracted and difficult. An HMRC inquiry is stressful, time-consuming and – if it doesn't go well – potentially detrimental for any business. R&D tax relief inquiries hinge on highly technical reports and strict guidelines that are constantly refined by HMRC, but there are things you can do to make sure that an inquiry goes smoothly and is more opportunity than obstacle. Here are our top tips for sailing through an HMRC inquiry with flying colours:

Be prepared

First, it is essential to ensure that everybody involved in the process fully understands the R&D tax relief scheme and what an inquiry surrounding it will entail. Arrange a pre-audit meeting with your client's team and clarify the projects that are eligible – as well as the ones that are not – so that everyone is on the same page. HMRC will expect a business to be able to explain in technical detail why they believe their particular project qualifies for R&D tax relief. Not all technical problems will meet the requirements, which makes it even more important that the client can justify their application in a clear and informed manner. The more evidence you can provide in support of the claim the better: provide all the correct supporting documentation – which should be detailed, and technically accurate.

Establish a relationship with HMRC

It is sometimes easy to forget, but taxmen are people too! Being on good terms with individual inspectors – as well as HMRC as a whole – will make a world of difference should an inquiry come up in the R&D tax relief claim process. Make sure the HMRC team see you and your clients as people, not just faceless companies – meet with them face to face, talk on the phone, and encourage meetings between clients and inspectors. Shying away from establishing a relationship with the HMRC team will only prolong and complicate the inquiry process, and make them less trusting of any future applications you decide to make. Do your best to minimise their workload by supplying the documents they need, always meet the deadlines agreed and be well prepared – technically and financially.



If everyone made use of the services of Jumpstart, then the UK economy... with its long history of innovation, would be so much healthier

Jim McColl, OBE
Clyde Blowers Capital





One of the best things about working with Jumpstart is that the whole process from screening through to setting up the initial meeting and analysis is very quick... Clients are impressed by this level of understanding and discussions about eligible projects freely flow. As a chartered accountant, I am constantly looking to add value to what I can offer my clients. Working with Jumpstart allows me to offer this specialist service.

Richard Smedley,
Director, Richard Smedley Chartered Accountants and Business Advisors



Stand by your claim

HMRC are not infallible, and sometimes they make mistakes when it comes to R&D tax relief assessments. If they have deemed that a project does not qualify for the scheme but the client is adamant that it meets the criteria then don't give up - have the confidence to stand by that claim. Make sure that all the technical documentation is correct and that all possible areas of eligibility have been covered. Ensure that there was no easily accessible information for the resolution of technical problems at the time the work was undertaken - and remember, just because you can Google it now doesn't mean you could when the project was started! Employing the help of specialist R&D tax relief experts will help you ensure that the ambiguous areas in any challenged claims are properly assessed and defended, and that no further time is wasted trying to claim for ineligible costs.

Don't go it alone

R&D tax relief claims are lengthy, technical and complex - especially if there are multiple qualifying projects in one claim. It is unrealistic to expect anyone other than an expert to understand every technical aspect of an application, so don't be afraid to ask for help if you need it. The more clear and accurate the report, the better the chance that it will be accepted by HMRC.

Quick check list

- * Ensure that everyone involved in the audit understands the scheme.
- * Cultivate a good personal relationship with HMRC.
- * Have faith in your claims - see them through.
- * Don't hesitate to seek help when faced with complex technical problems.

About Jumpstart

Jumpstart is a science and technology company that specialises in R&D tax relief. They are 100% focused on helping companies make successful claims for HMRC's R&D tax relief programme. Helping with all stages of the claim process, they ensure that only optimised, accurate and compliant claims go before HMRC. The key to their success is that every member of their delivery team has a first or postgraduate degree in an area of technology or science.

www.jumpstartuk.co.uk

T 0131 240 2900

F 0131 226 4506

E helpinghand@jumpstartuk.co.uk