

Best Practice for...

# Improving the size and success of future R&D tax relief claims

Once a company has made a successful R&D tax relief claim, it is easy to sit back and assume that it will be plain sailing for all subsequent years – but with refinements to HMRC’s interpretation of the guidelines, careful preparation is necessary to ensure that this is the case. By taking these steps now you can optimise the size and success of future claims:

## Keep up-to-date with HMRC

Since introduction of the programme HMRC has refined its definition of what constitutes eligible R&D, and who should be doing it. One of the best ways of ensuring that any claims – current or future – are successful is to have an in-depth knowledge of the guidelines and keep abreast of HMRC’s current interpretation of them. Make sure that all staff who are involved in projects are fully informed about the most up-to-date guidelines – this is especially important for technical staff, who tend to be the most actively involved in the claim-making process. Regular briefings ensure that everyone works from the same information and can tackle the application as a team.

## Keep track of projects as they happen

For each client, be aware of all potential R&D projects happening throughout the year. Keeping an up-to-date list of all potentially eligible activities – and putting aside ineligible activities along the way – will make it much simpler to complete the application process when claim time comes around. It may also reveal that your clients are doing much more R&D than previously thought, which will have an impact on future R&D tax relief claims. Make a detailed assessment of every claim and be sure to include indirect activities – it all counts towards the size of the final claim.



*The whole team were a joy to deal with. They took the time to understand our business and that made a big difference. The 40-minute initial meeting was one of the best investments of my personal time.*

**Nick Bannerman**  
Managing Director, Johnstons of Elgin





*Jumpstart was a very valuable addition in our role as tax advisers providing us with comprehensive evidence of the extent of the technical work that the company had already undertaken. They were very pleasant to deal with, responsive to changes, and were able to deal promptly with all our requests. I would definitely recommend them.*

**Laurence Bard**  
Specialist Tax Partner, BGT Tax Performance



*“There is no specific record keeping requirement for R&D relief claims. But the general Corporation Tax requirement to keep sufficient records to support the entries on your Company Tax Return still applies... HMRC may ask to see your company or organisation’s records when they make a compliance check into your Company’s Tax Return or R&D relief claim made separately from a return.”*

HMRC R&D Guide

## Consider potential grant related pitfalls

Some seemingly innocuous areas of business activity can have a major impact on R&D tax relief claims. Receiving funding of any kind can make a difference to the category of R&D tax relief a company will be eligible to claim for. Different types of grant support have varying degrees of impact, so it is important to have a comprehensive knowledge of all the grants and funding a company has successfully applied for, currently and retrospectively. Keeping such a record will be an invaluable resource when compiling the claim for R&D tax relief.

## Keep track of staff

Often the allocation of staff time for each project comes down to an estimation of what each person did, based on the memories of the boss! To ensure an accurate calculation of staff time is submitted and to avoid catching the eye of the tax inspector, encourage clients to keep track of the number of hours worked by each staff member. It is also important to make sure there is documentation in place for any subcontracted work as this may impact on a claim. Provide clear contracts for work carried out so that they can be used as evidence in any enquiries that may arise.

## Quick check list

- \* Consider each and every claim in detail.
- \* Make sure to include all indirect activities.
- \* Deal with any current HMRC enquiries promptly.
- \* Provide accurate documentation as and when required to back up the claim.

## About Jumpstart

Jumpstart are the UK’s leading R&D tax credit specialists providing a complete service in claiming R&D tax relief. Whether working directly with clients, or in partnership with Accountants, Trade Associations or other professional organisations, we ensure that only optimised, accurate and compliant claims go before HMRC. Over the last 10 years we have evolved a blend of tax expertise, academic qualifications and industry experience that ensures our clients receive every last penny they’re entitled to.

[www.jumpstartuk.co.uk](http://www.jumpstartuk.co.uk)

T 0131 240 2900

F 0131 226 4506

E [helpinghand@jumpstartuk.co.uk](mailto:helpinghand@jumpstartuk.co.uk)