

# Is claiming R&D tax relief really worth your time and effort?

That's always the question management need an answer to, as their attention is generally already fully consumed in running the businesses.

Well, simply put, it depends on a number of factors, and the starting point is to ask the question:

**'ARE WE REALLY DOING THIS IN THE MOST TIME-EFFICIENT AND BENEFICIAL WAY POSSIBLE?'**

THE KEY ELEMENTS OF THE PROCESS ARE:

- 1 Identifying which of your technical activities are eligible;
- 2 Quantifying eligible expenditure in line with the legislation;
- 3 Submitting the claim and managing any additional actions from HMRC.

The answer depends not only on the size of the claim, but also the way in which it is prepared for HMRC. Often clients make sizeable claims, but in the process invest far too much time on unnecessary detail and comprehensive documentation. Once internal costs have been accounted for, they realise that they could've spent that time more profitably elsewhere. Conversely, some clients attempt to skimp on claim preparation time and hope to 'claim just for the lion's share'.

This can lead to cases where the claim is either far smaller than it should be, or is large relative to company size but unsupported by sufficient detail - and this can incur issues with HMRC's specialist R&D inspectors.

**SO LET'S TAKE A LOOK AT THE DIFFERENT METHODS A COMPANY COULD USE TO CLAIM AND THE POSSIBLE IMPLICATIONS TO YOUR TIME.**





*We're so glad to have been made aware that this monetary rebate was available to us. And really surprised too at how quickly the process could be turned around. Within three weeks of Jumpstart finalising the Copper Alloy claim, we had received the money in our account!*

**IVAN RICHARDSON,**  
TECHNICAL MANAGER  
COPPER ALLOYS LTD



## The self-claim.

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In this approach, the company allocates responsibility for coordinating the claim to a member of staff. The effectiveness of this depends on the person being closely engaged with the technical teams, and the extent to which they understand projects' activities and how they relate to the legislation. Unfortunately the pressures of other work often limit that person's ability to focus on R&D, and it becomes hard for them to maintain their knowledge of HMRC's ever-changing interpretation and administration of the programme. It's even more challenging if this person leaves the company and takes their accumulated knowledge with them.

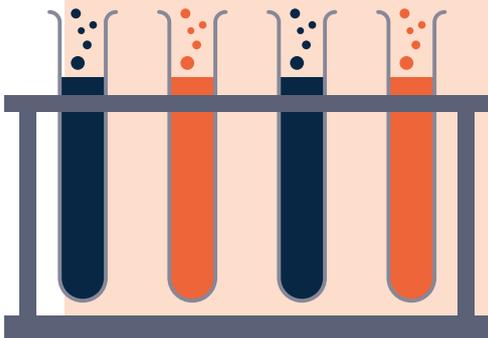
Without that advanced knowledge, companies often fall foul of HMRC through failure to adequately separate eligible R&D activities and expenditures from routine ones. Arguing about that fine distinction with HMRC can chew up serious amounts of time when defending a claim.

## The accountant-supported claim.

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Companies often have a trusted relationship with their accountant, and believe that because the issue involves tax, their accountant is the logical choice. However, it's important to be aware that the service provided by accountants can vary widely. Some larger firms with internal expertise can be hands-on, while others simply refer the client to the guidelines and expect them to identify what they can claim for, and then perform a ten-minute tax computation after a quick sense-check of the client's figures.

Using an accountant can work reasonably well if their knowledge and approach means they do most of the work for you. Poor results tend to materialise when the accountant sits back and relies too heavily on the client. The disconnect most often occurs when clients expect their accountant to manage the claim process, and the accountant expects the client to drive and defend it. In these cases, disappointing results are almost guaranteed.





*Having previously claimed ourselves, we understood how laborious the task could become. With Jumpstart providing their expert assistance, we were able to reduce our time and effort appreciably, yet still ensured we captured all the applicable costs and treated eligibility correctly across our global operations.*

**LAWRENCE ROSS**  
SVP ENGINEERING  
OPERATIONS  
ADLINK TECH



## Outsourcing to specialist consultancies.

There is a real disparity between what different providers will do for you and how much impact it has on your time.

Although most will charge on a contingent basis (i.e. a percentage of the claim's tax benefit), be sure to ask about track record, and the training and credentials of the people who'll be representing you to HMRC. All will position themselves as 'experts', but only a few will routinely do enough claims per year to justify the title of specialist. While it can be tempting to choose the cheapest rate available, the savings will be negated if your staff members are expected to identify all of the eligible expenditures without sufficient guidance, write the majority of the justification documents, or if your claim goes into Enquiry due to errors or, even worse, misrepresentations of your activities.

R&D Tax Relief can be complex and time consuming, but if you choose the most appropriate approach and advisor it can be highly worth your time, but consider your options carefully. If you are prepared to drive the process from your end, then working with an accountant may be sufficient. For those who prefer to be led through the process, however, working with a true specialist with knowledgeable and experienced people will almost certainly minimise the time and effort for you.

**SINCE ITS INCEPTION, JUMPSTART HAS HELPED ITS CLIENTS RECOVER £100M IN R&D TAX RELIEF AND HAS IDENTIFIED OVER £500 MILLION IN ELIGIBLE R&D EXPENDITURE.**

Contact us to find out more about how Jumpstart can help.

There is no substitute for experience and expertise. Experience gained through years of daily involvement in putting together thousands of successful R&D tax claims. Expertise built through a detailed programme of training and study, maintained and regularly enhanced.

**JUMPSTART YOUR R&D TAX CLAIM TODAY.**

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