

R&D Tax Relief in the Automotive Industry

We've learnt a thing or ten while successfully completing over 4,500 R&D tax credit claims, which we're happy to share with you here.

In this booklet you'll find some information on:

- R&D in the automotive industry.
- Potential areas of eligibility for R&D tax credits.
- The everyday challenges that might make you eligible.
- Eligibility questionnaire.
- Why Jumpstart?



R&D Tax Relief in... the Automotive Industry

Introduced by the UK Government in 2000, the R&D tax relief scheme is designed to encourage innovation and global competitiveness by allowing companies to reclaim some of the money invested in qualifying research and development. R&D tax credits are generally considered to be one of the most attractive tax reliefs available, often resulting in significant cash repayments from HMRC.

What are the benefits?

The benefits of the programme include increased cashflow, which is especially important to small, developing companies. It also encourages development of a corporate philosophy that embraces innovation and improvement.

Do you qualify?

A common misconception is that the scheme is just for companies with R&D departments and men in white coats. The fact is that any company that spends money trying to improve a product or service through a technological advance, using qualified staff and appropriate project controls, and where there's doubt about the project's success, is likely to be eligible.

R&D in Automotive

From an R&D perspective, the automotive industry is a rich and diverse field, covering original equipment manufacturers ('OEM's such as Ford and Vauxhall) together with the various tiers of their respective supply chains. OEMs tend to design and develop the overall vehicle, with the individual components usually developed by Tier 1 suppliers, who in turn source the components they need from Tier 2 supplies, and so on.

R&D tends to be distributed throughout the supply chain. OEMs will usually have plenty of R&D of their own, but a huge amount will also be carried out by the Tier 1 and 2 suppliers. In many ways, OEM's today are not so much car builders as they are systems integrators, taking other companies' technologies and assembling them into a whole vehicle.



We are very pleased with the results Jumpstart have achieved for us. As an engineer, I valued the fact that the Technical Analyst was able to grasp the nature of our business and translate that into a robust technical report for HMRC.

Tony Snow, Managing Director
LOADPOINT BEARINGS





Our accountants introduced us to Jumpstart. From their first presentation, it was clear that we should be claiming the thousands of pounds available under this government scheme.

We could not believe this applied to us and it was only thanks to their in depth examination of our company, we realised the possibilities.

The understanding achieved by their analysts of our processes really was significant; few professional bodies we have encountered had their level of engineering expertise, thus giving us the confidence to move forward with a claim.

Jon Pitt, Financial Director
L.M.G. SOLUTIONS



What are the potential areas of eligibility?

A vast range of activity, which could include:

- Automation of driving, e.g. adaptive cruise control, auto braking, auto parallel parking.
- Sensors and other technologies – infra-red, cameras, GPS etc.
- Using new materials to reduce the weight or increase the rigidity of chassis.
- Engine controls and efficiency.
- Emissions controls.
- Alternative fuels (bio-fuels, fuel cells).
- Batteries (for hybrid or electric vehicles) – capacity and safety.
- Attempts to increase the percentage of a car that can be easily recycled.
- Corrosion protection.
- New safety tech (lithium batteries and hydrogen can be dangerous – new safety features required?).

What problems might a company face?

- Diminishing returns: as engines have become cleaner and more efficient, ever harder to appreciably increase efficiency, cleanliness and performance
- Extremely high reliability required for automated control systems
- Low battery storage capacity per unit of weight
- Uncertain how extremes of weather will affect complex, interdependent mechatronic systems



Expert Advice

Have a thorough understanding of HMRC guidelines. Never claim for work that is uneligible. Tie the claim back to guideline specifics. Use 'user-friendly' language in application: It is vital that the technical report is clear and intelligible



Jumpstart immediately showed good technical understanding of our products and business. Of course the best thing about working with Jumpstart is that they got money back for us that we would never have got round to applying for. Give it a try - no win, no lose!

Fiona Scott Thomson, Owner
SCOTTOILER



Eligibility questionnaire

If you can answer 'Yes' to most of these questions then, based on our experience across thousands of clients, it looks like you could have a successful claim:

- Have you developed new tools, products or services using technology?
- Have you tried to improve your existing products through technical changes?
- Have you had to resolve technical problems with any of your products?
- Have you found more efficient ways to produce your products or services?
- Have you experimented with new equipment or production techniques?
- At the start of a project, did you ever think 'I'm not sure of the best way to do this'?
- Have any of your projects failed for technical reasons?

Why Jumpstart?

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.

We have helped literally thousands of businesses, some of whom had no idea they would qualify, to recover over a WHOPPING £100M in R&D tax relief benefits.

R&D Tax is all that we do. We do it really well, and we believe that our experience and expertise could help your business.

About Jumpstart

Jumpstart are the UK's leading R&D Tax Relief specialist. We employ PHD-qualified scientists and engineers who are also experts in HMRC's guidelines. With thousands of successful claims under our belts, we can help you secure the tax relief you're entitled to. **CONTACT US FOR A FREE R&D TAX CREDIT CONSULTATION AND ANALYSIS OF THE POTENTIAL RETURNS YOU MIGHT EXPECT.**

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www.jumpstartuk.co.uk

T 0333 305 9491

F 0131 226 4506

E helpinghand@jumpstartuk.co.uk