

# R&D Tax Relief in the Chemicals Industry Sector

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 chemicals sector.
- 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 Chemicals Sector

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.

## R&D in the Chemicals Sector

The chemicals industry creates an immense variety of products that impinge on virtually every aspect of day to day life. While many of the products from the industry, such as detergents, soaps and perfumes, are purchased directly by the consumer, 70% of chemicals manufactured are used make products by other industries including other branches of the chemical industry itself. The industry uses a wide variety of raw materials, from oil and minerals to air. With increasing competition worldwide, innovation remains crucial in finding new ways for the industry to satisfy its increasingly sophisticated, demanding and environmentally-conscious consumers.

There are serious concerns about the potential impact of certain manufactured chemicals on living organisms, and on the natural environment. These concerns include air, land and sea pollution, global warming and climate change. However, only a small proportion of chemical wastes are toxic or hazardous. Most of these, together with materials that resist natural breakdown, are incinerated at high temperatures.



*Jumpstart use chemists who are most professional, thus allowing a genuine understanding of what we do as a company making it even more straightforward.*

*With their help, we learnt that claiming R&D expenses can actually be made easy.*

**Stephen Allam, Managing Director**  
TR BONNYMANS





*Our first thoughts were slight concerns. Would it be worth the risk and how high is the possibility of an audit? At this early stage we also had uncertainty to the extent of our claim size, so couldn't help but wonder if all the work would be too much hassle.*

*When we saw the healthy size of our claim, we knew we had made the right choice and are looking forward to working with them again!*

**Mark Salmon, Technical Director**  
AMELIA KNIGHT



## What are the potential areas of eligibility?

A vast range of activity, which could include:

- Combining organic, inorganic and biochemical catalysis to decrease energy of activation, increase selectivity, reduce energy usage, by-products and replace toxic organic solvents and reagents
- Developing new feedstocks to supplement or replace oil and natural gas.
- Developing technologies based on biomass to produce chemicals in as an environmentally acceptable way as possible.
- Establishing new technologies based on nanomaterials
- Technology Transfer (i.e. transferring methods of manufacture between sites
- Purification of products
- Recycling used products
- Plant design (chemical engineering) – for scale up of process.
- Fine chemical manufacture – i.e. manufacture of small custom produced chemicals to be used as raw materials in e.g. pharmaceuticals.

## What problems might a company face?

- Problems caused with variation in raw material quality/ specification/strength.
- Reducing carbon dioxide emissions through technological changes.
- Producing chemicals from renewable sources using green chemistry
- Process scale up from bench to plant manufacture.
- Poor product yield.
- Development of suitable separation technologies
- Conversion of lignin to aromatic compounds
- UV degradation coatings (e.g. in paints)



### 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



*We were totally stunned at the amount claimed, we really couldn't believe it. The tax benefit has since allowed us to reinvest the money, buy new machinery and hire 2 new people. What a great result!*

Rod Wah, Managing Director  
BEVERSTON ENGINEERING



## 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.**

©Jumpstart UK Ltd

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

T 0333 305 9491

F 0131 226 4506

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