

What can be claimed under R&D tax relief?

Introduced by the UK Government to encourage and reward innovation, 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'S EVEN BETTER NEWS IS THAT A LOT MORE ACTIVITIES ARE ELIGIBLE FOR THE SCHEME THAN MOST COMPANIES AT FIRST THINK.

Why is this so important?

Identifying which of your technical activities are eligible and what can be claimed under the scheme can affect not only the size of your claim, but also how it's treated by HMRC.

Get it wrong and you could end up in a situation where the claim is either:

- much smaller than it should be, meaning that you lose out on tax credits you're perfectly entitled to, or
- seems relatively large for the size of company, flagging your case up to HMRC's specialist R&D inspectors.

How do I know what I can and can't claim under the scheme?

In a nutshell, you must be able to demonstrate to HMRC that the product or service you're planning to include in your claim is truly innovative and, at a technological level, an advance on what's currently available in the market.

According to HMRC, R&D for tax purposes is a project (or a component of a larger project), which "seeks to achieve an advance in science or technology [through] the resolution of scientific or technological uncertainty". Encouragingly, R&D is still deemed to have taken place whether or not the project is actually successful; it's the "seeking" that counts.





After being told by a very reputable company that we couldn't apply for R&D tax credits, we then met Jumpstart on their stand at a business trade show and they insisted we could apply.

The next thing a cheque arrived from HMRC!! It really was that straightforward. Let them take the strain, it really is worth every penny.

MATTHEW TUTT
MANAGING DIRECTOR
AREA 52



So, basically, in HMRC's eyes, you're undertaking R&D when you're:

1. overcoming technological uncertainties aimed at
2. achieving an advance in technology,
3. which isn't readily deducible by a competent professional.

If these conditions apply to your project, congratulations! You can claim R&D tax relief on its day-to-day costs and expenditure, including things like staff, subcontractors, materials, software and utilities.

And don't be put off if your R&D doesn't involve new technology; HMRC's definition extends to substantially improving existing products and services as well, and includes the construction of prototypes.

Give me some examples

Here are just a few examples of what can be claimed for, taken from the top performing industry sectors as measured by how much they recovered in R&D tax credits from the government last year. The list is by no means exhaustive, but it does give you an idea of the types of work that could well be eligible for R&D tax credits.

ENGINEERING

- Improvements to manufacturing processes or machinery (doing things faster / at a better quality / with reduced waste or improved safety)
- Ergonomics - ease of operation or suitability of manufactured products
- Computer models - for example, to evaluate stresses or fluid flow

MANUFACTURING

- Using new, unproven methods of manufacturing existing products
- Developing ways of manufacturing new products
- Increasing process efficiency / safety
- Reducing emissions

IT & SOFTWARE

- Incorporating new or untested technology into products, where experimentation is required to select the best implementation route
- Testing new technology or programming languages, where there's little information on their usage in the public domain
- Making existing products work on new platforms, where this involves overcoming technical problems that haven't been solved before.



With the technical expertise of Jumpstart, we saw a massive increase in the money returned for the R&D we had invested in and, now that we have seen what HMRC considers eligible expenditure, I hope our future claims with Jumpstart will be every bit as strong.

| JAMES S MILNE
| CHAIRMAN
| BALMORAL GROUP



SCIENTIFIC & TECHNICAL

- Incorporating new or untested technology into products, where experimentation is required to select the best implementation route
- Testing new technology or programming languages, where there's little information on their usage in the public domain
- Making existing products work on new platforms, where this involves overcoming technical problems that haven't been solved before.

How could my business benefit?

It's hard to be specific without knowing the industry sector you're working in. That's why it's always wise to seek professional advice before undertaking a claim.

Involving specialist advisers, such as Jumpstart, also helps you to submit your claim in the most efficient way possible, since you'll benefit from the streamlined processes and years of experience they've built up submitting thousands of R&D tax credit claims successfully.

With support from the right specialist advisers, you'll be able to:

- demonstrate which of your activities qualify under the scheme
- open up a new revenue stream to fund further R&D projects,
- learn how to make the best use of the scheme going forward.

For a free R&D tax credit consultation and analysis of the potential returns you might expect from your projects, contact the Jumpstart team

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.

www.jumpstartuk.co.uk

T 0370 218 7506

E helpinghand@jumpstartuk.co.uk