jumpstart

THE IMPACT OF GRANTS ON R&D TAX CREDITS

ALTHOUGH THEY MIGHT BOTH SOUND LIKE THE ANSWER TO YOUR FUNDING PRAYERS, GRANTS AND R&D TAX RELIEF AREN'T ALWAYS COMPATIBLE.

If managed correctly though, they can be combined to provide immediate cash flow **AND** greater returns in the long term.

THE IMPACT WITH NOTIFIED STATE AID

SME scheme

230% Amount of qualifying expenditure companies can deduct.

up to **25%** Eligible expenditure SMEs can claim back if in profit

RDEC scheme

12% Amount of TAXABLE benefit companies can receive

up to **10%** Eligible expenditure companies can claim back

Since April 2016, an SME receiving notified state aid, for any part of an R&D project, is excluded from claiming relief under the SME scheme and **MUST CLAIM THROUGH RDEC INSTEAD.**

FOR EXAMPLE...

COMPANY "A" HAS £100,000 ELIGIBLE R&D SPEND

without State Aid → Company A can expect an R&D tax relief of up to **£25,000**

with State Aid → Company A will receive **£10,000** after tax through the RDEC scheme

THE IMPACT WITH DE MINIMIS GRANT FUNDING

COMPANY "A" HAS £100,000 ELIGIBLE R&D SPEND + A £10,000 DE MINIMIS GRANT

VALUE OF THE GRANT → **RDEC scheme** → **£1,000** BENEFIT

+

BALANCE OF ELIGIBLE SPEND → **SME scheme** → **£22,500** BENEFIT

BE CRYSTAL CLEAR IN YOUR GRANT APPLICATION

If the grant is used to fund activity such as marketing or commercialisation, which doesn't fall within HMRC's definition of R&D then the grant funding **WON'T AFFECT YOUR ABILITY TO CLAIM**

WHERE WILL THE FUNDS BE APPLIED?

ANOTHER EXAMPLE!

Company "A" and company "B "are both spending £50,000 each year on three different projects (annual eligible spend £150,000). Both companies received £15,000 of notified state aid toward these projects.

COMPANY "A" SUBMITTED AN APPLICATION FOR £5,000 GRANT TOWARD EACH PROJECT

COMPANY "B" SUBMITTED AN APPLICATION FOR ONE GRANT OF £15,000 TOWARD ONE PROJECT

Spend	£150,000	£150,000
Annual Claim	£150,000 through RDEC	£100,000 through SME scheme £50,000 through RDEC scheme
	10% of eligible spend	25% of £100,000 10% of £50,000
	£15,000 per year	£30,000
3 year benefit	£45,000	£90,000

About Jumpstart

Jumpstart is a science and technology company that specialises in R&D tax relief. It is 100% focused on helping companies make successful claims for HMRC's R&D tax relief programme. Helping with all stages of the claim process, it ensures that only optimised, accurate and compliant claims go before HMRC. The key to its success is that every member of its delivery team has a first or postgraduate degree in an area of technology or science.

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