



Availability, Service and Response

Research and Development Tax Relief

 **RaynerEssex**
chartered accountants
and business advisers



What is Research and Development (R&D) Tax Relief?

R&D Tax Relief is a UK Government scheme that was introduced in 2000 that aims to reward organisations for investing in Research and Development which is seen as being a positive contribution to the UK Economy.

Tax relief for Research and Development dates back many years in the UK and similar structures are in place around the world. Many companies have previously missed out on claiming what is a generous form of tax relief.

Relief is given in the form of either a Corporation Tax reduction or even a cash payment (R&D Tax Credit).

A substantial number of companies believe they do not carry out Research and Development and even if they do they are not always aware of what they may be able to claim.

This relief is not only available to hi-tech and science-based industries and so it is worth exploring your eligibility with a specialist tax consultant.

Claims can be made for innovation in new products and, in some cases, for substantial modifications in processes or products, therefore opening claims to many different business sectors.

The Criteria for Research and Development Tax Relief

The type of expenditure incurred on activities relating to R&D needs to be considered and these fall into different categories, for example; employment costs, work done by externally provided workers, software, costs of materials and any clinical trials.

To receive R&D relief you need to explain how a project:

- Looked for an advance in science and technology
- Had to overcome uncertainty
- Tried to overcome this uncertainty
- Could not be easily worked out by a professional in the field

Determining which projects might qualify for R&D relief and what activities can be considered does require some professional advice, something Rayner Essex is able to provide. There have been some false claims made in relation to R&D tax relief and a considered approach with the guidance of a Rayner Essex tax specialist, is recommended.

Making a Claim

Organisations can claim tax relief in the period when the expenditure was incurred. Inevitably there are relevant criteria that must be established and this normally requires professional guidance from taxation specialists to help ensure the application is both relevant and ultimately successful. There is an Advanced Clearance Service offered by HMRC that can prove to be useful in certain circumstances.

There are different types of R&D relief depending upon the size of the organisation.

If a business has less than 500 staff or a turnover less than 100 million Euros or a balance sheet under 86 million Euros, a claim can be made through 'SME (Small and Medium-Sized Enterprises) R&D Relief'. This is the most beneficial scheme and provides corporation tax relief for up to 230% of the R&D qualifying expenditure.

Larger companies must claim a 'Research and Development Expenditure Credit' (RDEC). In both instances substantial tax relief is available for qualifying projects.

The amount of credit that can be claimed back is dependent on several scenarios and is restricted to the employment costs incurred by the company.

It is important to note that R&D relief is only available to companies and **not** individuals or partnerships, irrespective of their size.

How We Help Clients

We have a highly regarded tax team that specialises in making R&D claims on behalf of clients across the UK.

Initially we will consider your business activities and any areas that you feel might qualify for relief and we will then help determine whether your claim will meet the qualifying criteria.

Thereafter we will assist you with making the claim.

We are happy to provide an initial no obligation assessment of whether your specific project qualifies for R&D relief. If it does, there is a fixed fee for the preparation and submission of the R&D claim.

For our international clients we are able to provide support through our membership of Inpact International, a global alliance of accountancy firms.

To discuss your eligibility and to seek advice on making a claim please contact Mark Moore in London on +44 (0)20 7388 2641 or in St Albans on +44 (0)1727 833222 E: mark.moore@rayneressex.com.





RaynerEssex

chartered accountants
and business advisers

LONDON OFFICE

Tavistock House South
Tavistock Square
London WC1H 9LG

t: 020 7388 2641

f: 020 7387 8969

e: th@rayneressex.com

ST. ALBANS OFFICE

Faulkner House
Victoria Street
St. Albans

Herts AL1 3SE

t: 01727 833222

f: 01727 864752

e: fh@rayneressex.com

www.rayneressex.com

Rayner Essex is a business name of Rayner Essex LLP

For information of users: This material is published for the information of clients. It provides only an overview of the regulations in force at the date of publication, and no action should be taken without consulting the detailed legislation or seeking professional advice. Therefore no responsibility for loss occasioned by any person acting or refraining from action as a result of the material can be accepted by the authors or the firm. July 2019.