



The Research & Development (R&D) Tax Credit scheme

Tax refunds for companies that improve, adapt, or develop new products or production processes.

Research and development (R&D) Tax Credits are company tax reliefs which can either reduce a company's tax bill or, for small or medium sized (SME) companies, provide a cash sum. The scheme aims to encourage greater spending on development work in order to promote investment in innovation.

Companies that claim can benefit from, on average, a **£40,000** reduction in their corporation tax, or receive a payable cash credit. The scheme is retrospective allowing companies to claim for development work undertaken over the prior two years.

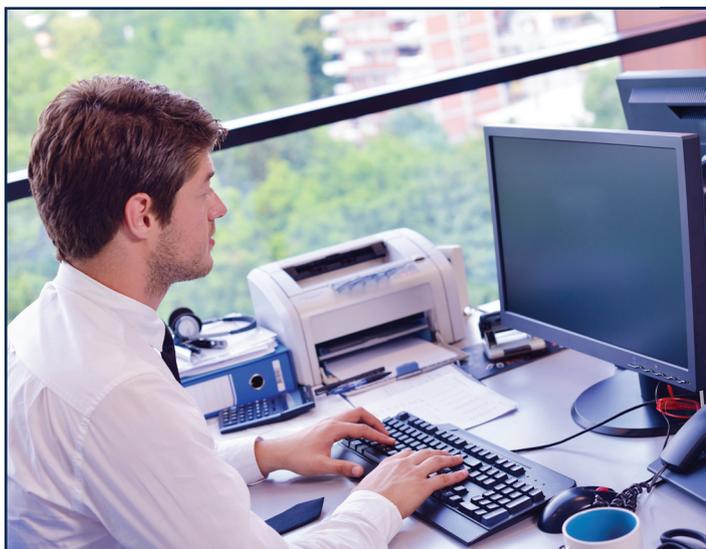
Companies that are improving, adapting, or developing new products or production processes, and are tackling "technological uncertainty", are likely to qualify. Many engineering, manufacturing, technology and software companies that are developing products or solutions do not realise they qualify.

The Research and Development Tax Credit scheme for SMEs has been in existence since April 2000. It is the government's biggest single funding scheme in support of R&D in the business sector. The SME scheme is for 'Limited' companies with fewer than **500** employees, and either annual sales no greater than **€100m**, or a gross balance sheet not exceeding **€86m**.

R&D Tax Credits work by allowing SME companies to deduct up to **225%** of qualifying expenditure on R&D activities when calculating their profit for tax purposes. In 2011/12 **£420m** of R&D Tax Credits were claimed by nearly **10,000** SMEs. However many companies are missing out, mainly because they don't believe their day to day activities qualify.

Large company scheme

For the purposes of R&D tax relief, any company that does not qualify as an SME may make a claim under the Large Company scheme. Under this scheme large companies benefit from a tax relief enhancement rate of **130%**. This means that they may be able to deduct up to £30,000 from their taxable profits for every £100,000 spent on qualifying development work.



ABOVE THE LINE (ATL) TAX CREDIT

For expenditure incurred on, or after, 1 April 2013, some larger companies may benefit from the government's 'Above the Line' tax credit scheme.

This latest scheme aims to improve the attractiveness of the UK as a location for large company R&D investment by introducing a more visible, more certain, and more effective form of R&D relief.

The ATL scheme is aimed at larger companies and companies acting as sub-contractors to larger companies for outsourced R&D projects.

SECURING R&D TAX CREDITS FOR INNOVATIVE BUSINESSES

We have a detailed understanding of HMRC's requirements which enables us to quickly identify qualifying development activity for our clients.

Consistent with HMRC's requirements, we determine the exact nature of a company's research and development activities over the last two financial years:

- **What exactly has been developed?**
- **What was the qualifying advance in technology, and what eligible costs can be included?**
- **Who was involved, and what was their qualifying contribution?**

Our team has a combination of practical business and development experience drawn from working in industry, and from having worked with many companies from different sectors in progressing claims.

We work on a 'no win, no fee' basis and will only proceed if we believe a claim is likely to be successful. As a result of our expertise and proven approach, we have a **100%** success rate for claims.

DETAILED KNOWLEDGE OF HMRC'S REQUIREMENTS

Our detailed knowledge of HMRC's requirements means we are able to present a clear summary of the research and development work undertaken to support the R&D Tax Credit claim. This will include communicating clearly the qualifying advance in science or technology, and the "scientific or technological uncertainties" that had to be addressed. We know how to present and illustrate the technical information so that it best meets HMRC's requirements.

PRESENTING THE KEY FINANCIAL DATA

We have a detailed understanding of how best to present the financial information to HMRC as a succinct financial statement of the eligible costs. Our team is supported by accountants who are specialists in the R&D Tax Credit scheme.

SECTORS IN WHICH WE HAVE PROGRESSED SUCCESSFUL CLAIMS INCLUDE:

Aerospace systems and components	Hydraulic systems	Precision machining
Agricultural equipment	Instrumentation	Pressings
Audio equipment	Injection moulding	Printed circuit boards
Automotive systems and components	IT	Printing plates
Castings	Lubricants	Process control systems
Chemical etching	Medical equipment	Research equipment
Conveying systems	Motorsport	Rolling mill systems
Composites technology	Motion control systems	Software development
Electrical components	Oil and gas industry products	Waste water treatment
Fragrance development	Pneumatic systems	Website development

Please visit www.randdtaxspecialists.co.uk to see our client profiles

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