Incentives to innovate

Research & development tax credits
Are you eligible to claim?
R&D tax credits are a tax relief for companies.

R&D tax credits are an incentive provided by the UK Government to encourage companies to undertake development activities. The relief is based on the R&D costs that your company incurs. It can be used either to reduce the amount of tax that your company pays, or can lead to a cash payment from HMRC.
projects

Ok, so what projects will qualify?

The R&D incentive covers projects which seek to achieve an advance in science or technology, or activities which directly contribute to advances by resolving scientific or technological uncertainty.

The outcome of the project can be tangible, such as new products or processes, or intangible, such as knowledge or cost improvements, even abortive projects can qualify.

Patents and other copyright material or processes are a helpful outcome when putting the case forward for relief, but they are not essential.

Which costs qualify for relief
...and which costs might qualify for relief?

- **Employee costs**
  - directly or indirectly involved in R&D

- **Agency staff**
  - costs for those directly or indirectly involved in R&D

- **Materials and consumables**
  - items used in the R&D project

- **Utilities**
  - fuel, power, water

- **Software**
  - used by the R&D team

- **Subcontracted R&D expenditure**
  - (special rules apply)

- **R&D Capital Allowances**
  - are available for capital expenditure

What are the cash benefits of a claim?
What is the real cash benefits of a successful R&D claim?

For absolute clarity, here are the resulting cash benefits for your business of a successful R&D tax credit claim, based on different levels of qualifying costs.

<table>
<thead>
<tr>
<th>Costs qualifying for R&amp;D tax credits</th>
<th>Benefit when surrendering losses for a cash payment from HMRC</th>
<th>Reduction in tax payable where 230% relief is used to offset future corporation tax liabilities of your company*</th>
</tr>
</thead>
<tbody>
<tr>
<td>£100,000</td>
<td>£33,350</td>
<td>£43,700</td>
</tr>
<tr>
<td>£500,000</td>
<td>£166,750</td>
<td>£218,500</td>
</tr>
<tr>
<td>£1,000,000</td>
<td>£333,500</td>
<td>£437,000</td>
</tr>
</tbody>
</table>

*At corporation tax rate of 19%
How can Buzzacott help my company receive relief?

Our specialist team will invest time in understanding your business and discussing the nature of the claim at no cost to you. If we believe that you will be eligible to qualify for R&D tax credits, we will then proactively manage your claim.

This will involve performing a comprehensive review of your costs to determine which will qualify, and using our technical expertise to prepare a report for submission to HMRC.

This approach will not only minimise the time incurred by you, but also maximise the chances of you obtaining a successful claim in the shortest possible timeframe.

Our flexible approach to fees means we are happy to work on a fixed or contingency basis, which will give you complete transparency as to the cash benefit that the R&D tax credit will have to your business.
call

Ok, so who do I call?

In the first instance get in touch with:

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London
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“I’ve worked on the other side so I know what it’s like undertaking development work and the pressures businesses face. I enjoy working in R&D tax credits as it’s not just about building a business but about improving the overall innovation capabilities in the UK.”