

What are R&D Tax Credits?

Research and Development (R&D) tax credits are UK Government incentives designed to encourage investment in innovation by companies operating in the UK. Companies are able to receive a cash payment (the Credit) or reduction in corporation tax for carrying out qualifying activity.



FORREST BROWN[®]
R&D Tax Credit Consultancy

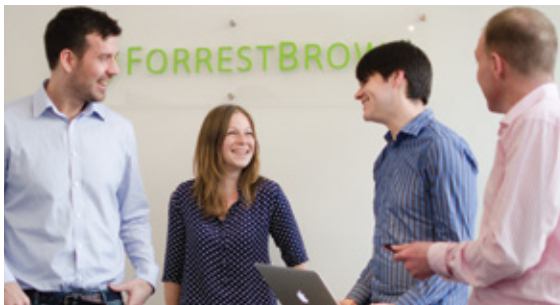
Who are ForreestBrown?

As experienced R&D tax specialists we combine our skills and knowledge of the R&D tax credit scheme, and HM Revenue & Customs guidelines, with extensive technical experience and a keen interest in science and technology. This ensures we only deliver high quality and robust claims for our clients and have already helped to secure millions of pounds of tax credits and corporation tax savings for our clients.

Our team of Chartered Tax Advisers are experts in their field and are responsible for all aspects of our structured and efficient claims process. These are the individuals that you will meet, that will prepare your claims and will deal with HMRC on your behalf.

We'd be happy to discuss whether you might be able to qualify for R&D tax relief and answer any queries you may have.

Please call **0117 9269022** or email mark@forreestbrown.co.uk



What are the benefits?

Both profit-making and loss-making companies can benefit from the R&D tax relief schemes.

A profit-making SME can receive a reduction in their tax liability of up to **25p for every £1 they spent on R&D activities** (based on a 20% corporation tax rate).

A loss-making SME can surrender their losses for a cash credit from HMRC of up to **24.75p for every £1 they spent on R&D activities** (increasing to 32.63p for expenditure incurred after 1 April 2014).

Large Companies can receive tax relief of up to **7.8p for every £1 they spent on R&D activities**. From 1 April 2013 Large Companies can also benefit from cash credits, with the introduction of the Above The Line (ATL) scheme.

Who can qualify?

To qualify you must be seeking to achieve an advance in the field of either science or technology. Demonstrating an advance can seem difficult to quantify, but can include a broad range of activities such as developing bespoke software products, perfecting a recipe to extend shelf life or overcoming design or engineering challenges.

If you are developing new or modifying existing products, processes or services, and there is uncertainty surrounding the outcome of the project, then this is precisely the sort of project that can qualify for R&D tax relief.

What will it cost?

Our fee structure is success based, we only charge a fee when we are able to generate a cash payment or corporation tax saving. So it does not cost you anything until the claim is approved by HMRC. And if a claim is unsuccessful we don't charge a fee. We are, however, very proud of our 100% success rate, and we're confident in our ability to consistently deliver results.

What expenditure is allowable?

Relief can be claimed on revenue expenditure across three main areas:

- Staff costs;
- Subcontractor/freelancer costs; and
- Consumable items (i.e. heat, light and power, materials and items 'consumed' and/or 'transformed' by the R&D process).

What do I need to do?

We work in partnership with your accountant. This means we can minimise the amount of time you have to spend on collating and preparing financial information.

The most daunting part of the process for many people is the preparation of the technical report, which we manage from start to finish, working with you to answer the questions which we need to address for HMRC before submitting the R&D claim package on your behalf.

Our Process

Our claim process has been specifically designed to provide a complete end-to-end service, removing the burden of making the claim from you.

The typical time frame associated with making an R&D tax relief claim, from the initial meeting through to you receiving the tax relief or cash credit from HMRC, is 8 to 12 weeks.

FAQs

CAN I CLAIM R&D TAX CREDITS IF I DON'T CURRENTLY PAY TAX? Yes. Previously the tax credit a loss-making company could claim was capped at their PAYE and National Insurance liability for the period. This cap was removed for accounting periods ending on or after 1 April 2012 and no longer applies.

IS THERE A MINIMUM SPEND? No, there is no longer a minimum spend condition, but a review of your expenditure will determine whether a claim is worth pursuing.

WE OUTSOURCED DEVELOPMENT WORK OVERSEAS, CAN THESE COSTS STILL BE INCLUDED? Provided the expenditure is deductible for UK tax purposes it can qualify for relief. Outsourced expenditure is restricted to 65% of expenditure levels, regardless of whether the work has been carried out within the UK or overseas.

WE'VE BEEN CONTRACTED TO CARRY OUT R&D ACTIVITY FOR A CLIENT, CAN THIS EXPENDITURE STILL QUALIFY FOR RELIEF? In short, this comes down to who is taking the risk. If you've been contracted on a time and materials basis, and you'll be paid regardless of how long the project takes, then it would be unlikely to qualify. If however, you have been contracted on a fixed price basis, and you're bearing the risk of the project overrunning or even failing completely, then it could likely be argued that you would qualify for relief.

WE INVESTED IN DEVELOPING A NEW PRODUCT THREE YEARS AGO, ARE THESE COSTS ABLE TO BE RECOVERED VIA R&D TAX RELIEF? Potentially. You can typically claim R&D tax relief for expenditure incurred in your previous two completed accounting periods.

The window for which you are able to recover expenditure for will depend on your year-end. If you're currently approaching your year-end and you believe you may qualify then time is of the essence and you need to act now.

WE'VE CAPITALISED SOME OF OUR SOFTWARE DEVELOPMENT COSTS, CAN THESE STILL BE INCLUDED WITHIN A CLAIM? Capital expenditure is excluded, however revenue expenditure that has been capitalised can be included in a claim, provided it's qualifying expenditure.

WHICH ENTERPRISES CAN QUALIFY? Only trading companies that are going concerns and subject to UK Corporation Tax provisions can qualify. This can include Community Interest Companies (CICs).

DO ADVANCES WITHIN THE FIELD OF SOCIAL SCIENCE COUNT AS R&D? Advances within the field of social science are in themselves not able to qualify for relief, however companies engaged in social sciences may still be able to qualify, for example for an advance in technology, such as developing a bespoke software product.

THIS SOUNDS TOO GOOD TO BE TRUE?! Many of our clients are sceptical at first, but every claim we have submitted has been successful and collectively our clients have received millions of pounds of tax credits and corporation tax savings.

To see what some of our clients have to say about R&D tax credits and our process visit forrestbrown.co.uk/clients



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