

Research & Development tax credits



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R&D Tax credits

- Why is it worth claiming?
- What is R&D?
- How do you claim?

R&D Tax credits:

Why is it worth claiming?

Enhanced Deduction

Additional 130% deduction against corporation tax

So for £100,000 of qualifying expenditure incurred you will be eligible to deduct a further £130,000 bringing the cost for corporation tax purposes to £230,000 which at 20% corporation tax equates to £46,000 of the £100,000 spent.

Repayable Tax credit

14.5% of expenditure

So for £100,000 of qualifying expenditure incurred you will be eligible for a tax refund from HMRC of £14,500.

You would use this route if you had no taxable profits and the prospect of having any in the short term is slim.

R&D Tax credits

What is R&D?

1. R&D for tax purposes takes place when a project seeks to achieve an advance in science or technology.
2. The activities that directly contribute to achieving this advance in science or technology through the resolution of scientific or **technological uncertainty** are R&D.
3. Certain qualifying indirect activities related to the project are also R&D. Activities other than qualifying indirect activities which do not directly contribute to the resolution of the project's scientific or technological uncertainty are not R&D.



What we are currently advising

- Research & Development tax credit claims for very different businesses
- Prepare a form P11d, which records any “employee benefits in kind”. Typical examples of these benefits in kind are company cars and private medical insurance (deadline 6 July)
- Reviewing PAYE tax codings for 2016/17 where individuals receive significant dividends are paid and HMRC are trying to collect liabilities through PAYE system
- Persons of Significant Control register.
- Tax refunds for the year to 5 April 2015, if you are due one prepare your tax returns now .

Slides

www.beatons.co.uk/blog/randdtc

If you or any of your customers have any questions regarding tax or accountancy matters please let me know.

Send me any questions you would like answered for later SIMs events.

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