

Not just for men in white coats

These assumptions are often incorrect, as a company that takes a risk by innovating, improving or developing a process, product or service – and is uncertain that the desired outcome can be achieved – may actually qualify for R&D tax credits.

Two schemes exist; the small company scheme or SME's and the Research and Development Expenditure Credit (RDEC) for large companies. An SME is defined as a company with less than 500 employees, a turnover limit of £100 million or a balance sheet of less than £86 million.

For an SME, from 1 April 2015, they can claim an enhanced deduction for qualifying expenditure at a rate of 230%. Therefore every £100 spent on qualifying R&D activities would give an additional deduction of £130 for the company.

It is a misconception of many business owners that the Research & Development (R&D) relief is difficult to qualify for; they underestimate the potential benefits or simply don't think the scheme will apply to their business if they "don't do anything scientific".

Where a company incurs an allowable trading loss as a result of the R&D relief, it is possible to surrender all or part of the loss relating to the R&D relief arising to obtain a tax credit in the form of a cash payment. Tax credits at a rate of 14.5% of the loss surrendered are available for the current year.

We have been successful in claiming tax credit cash payments and enhanced deductions for our clients so if you would like to know whether this may be applicable to your business please contact us.



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