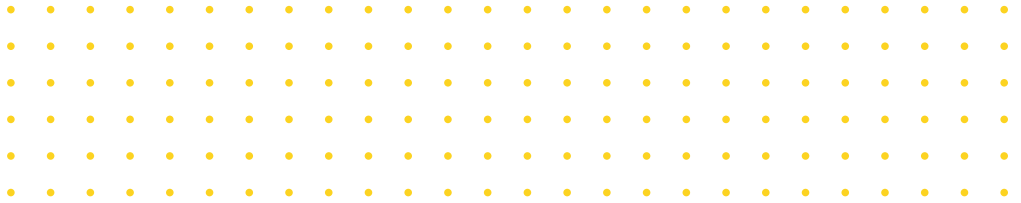




A guide to

Research & Development



What are R&D Tax Credits?



Introduced in 2000 and pledged to run until 2032, the Research & Development (“R&D”) Tax Credit scheme is part of an EU-supported initiative to promote innovation across the UK and Europe. R&D tax credits enable companies that incur costs in developing new products, processes or services to receive a cash payment or tax deduction.

What do I need to do?

The two key criteria in determining what is eligible for R&D tax credits are ‘innovation’ and ‘uncertainty’.

A basic definition of R&D is to “work to resolve scientific or technological uncertainty aimed at achieving an advance in science or technology”. This can include new or developed products, services or processes.

What can I expect?

The tax relief on allowable R&D costs incurred on or after 1 April 2015 is 230% therefore, for each £100 of qualifying costs, your company could have its Corporation Tax profits reduced by an additional £130 on top of the £100 spent.

If instead there’s an allowable trading loss for the period, this can be boosted by 130% of the qualifying R&D expenses. This loss can be utilised in the normal way or ‘sold’ to HMRC for a cash sum.

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