

# Can you recognise R&D in your company?

- you may be surprised how many companies can't
- don't lose out by being one of them!

The Government's R&D Tax Credit Scheme was introduced for Small and Medium Enterprises (SMEs) in 2000 and one year later for large companies.

The scheme applies to Limited Companies:

- R&D costs can be offset against UK Corporation Tax.
- If there are no profits a cash payment is available.
- ✓ All subject to qualifying conditions being met.

The average benefit per small company is £45,000 - benefits typically range from £10,000 to several hundred thousand pounds and you can claim year on year.

"Linda at RandDTax has been a pleasure to work with. We have found the whole process very efficient and instrumental in getting fantastic results for our clients."

Jenny Rainer, FCCA  
Anderson Phillips Accountants

"My experience of dealing with government was just too much pain for small companies. Thank you Linda for all your hard work with our claim and successfully obtaining Tax Credits for us."

William Pearson, MD  
Morgan's Pomade



# WHAT ARE RESEARCH & DEVELOPMENT TAX CREDITS?

- The R&D tax credit schemes work by reducing the amount of corporation tax payable by a company, or there is a cash payment available if a company made a trading loss. In both cases the amount that can be claimed is based on the qualifying R&D costs each year.
- The big challenge for companies and their tax accountants is understanding what qualifies as R&D and how to cost research and development activities.

## Under the Small & Medium Enterprise (SME) scheme:

- Qualifying costs include:
  - ✓ Internal labour costs (often the largest cost).
  - ✓ A proportion (65%) of relevant sub-contracted R&D costs for activities carried out by subcontractors based anywhere in the world.
  - ✓ Energy, consumables and wasted materials.
- Since April 2012 qualifying R&D costs can be enhanced by an additional **125%** rising to 130% from 1<sup>st</sup> April 2015. The enhanced value is counted as an expense to offset against profits when calculating your trading profit or loss for the year:
  - ✓ If profitable that equates to a tax reduction worth **25%** of your R&D costs e.g. **£10k for every £40k spent** (26% for expenditure after 1<sup>st</sup> April 2015).
  - ✓ Or if you made a loss the cash benefit available against the trading loss surrendered is between **18% and 33%** of your qualifying R&D costs.
- Prior to 9th December 2009, in order to qualify a small or medium enterprise had to own the resulting intellectual property from R&D expenditure – this no longer applies.
- Retrospective claims can be made going back two years based on a company's accounting year end – i.e. during the current year you can claim for the last two completed accounting years.

Request a free R&D review here:  
[www.cobizfunding.co.uk/contact](http://www.cobizfunding.co.uk/contact)



# RandDTax

## Company Profile

(April 2016)

**RandDTax** is the trading name of Terry Toms and Partners Ltd, founded in August 2012. The company has 6 directors, 13 shareholders and 28 consultants operating throughout the UK. We have helped with in excess of 1,500 R&D Tax Credit claims for well over 600 companies – with a 100% success rate, gaining in excess of £37m for those clients.

The company is a member of TechUK, the UK technology industries trade body. Terry Toms, the founder, has sat on the R&D tax credit committee at Intellect (forerunner to TechUK), spoken at Intellect, HMRC and other events on R&D tax credit issues and assisted in running workshops on software industry claims for HMRC on behalf of Intellect and TechUK.

Linda Eziquiel, Director, has written a professional development training course for accountants: Claiming R&D Tax Credits [http://www.accountingcpd.net/Linda Eziquiel](http://www.accountingcpd.net/Linda_Eziquiel)

The Directors and Consultants in RandDTax combine a vast range of senior management and technical experience gained in software, technology, engineering, manufacturing and in the finance and tax sectors.

**We have made claims worth between £20,000 and £900,000 for our small and medium enterprise (SME) clients, with the top 50 clients benefitting by well in excess of £100,000 each.**

A lot of our business is introduced by practicing accountants or our existing clients. Some accountants are not aware of the range of activities that qualify as R&D so we also contact companies directly. We have been successful in taking on new clients as a result of making direct approaches and networking.

We help companies scope out their R&D activities, we write the technical justification document to support their claims, advise them on identifying qualifying costs and assist their accountant in dealing with HMRC. Our job is to help make the claim process simple and safe.

**Request a free R&D assessment here:**

[www.cobizfunding.co.uk/contact](http://www.cobizfunding.co.uk/contact)

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# EXAMPLES OF QUALIFYING RESEARCH & DEVELOPMENT ACTIVITIES

Type of Industry	R&D Activities
<ul style="list-style-type: none"> <li>Manufacturers of musical equipment</li> </ul>	Research into e.g. modern valve technology; development of prototypes/new products
<ul style="list-style-type: none"> <li>Precision engineering</li> </ul>	Design and development activities to create a CNC manufacturing process for a new part
<ul style="list-style-type: none"> <li>Ice cream makers and food producers</li> </ul>	E.g. new ice cream recipes and manufacturing trials for mass production of new food recipes
<ul style="list-style-type: none"> <li>Manufacturer of raw plastics</li> </ul>	Development of new raw plastics material to meet colour, strength and durability standards
<ul style="list-style-type: none"> <li>Computer hosting and networking</li> </ul>	System development for mid-range hosting and network services; creating reseller tools
<ul style="list-style-type: none"> <li>Cosmetics manufacturing</li> </ul>	Development of new cosmetics recipes for mass manufacture
<ul style="list-style-type: none"> <li>Software development</li> </ul>	Software development for all sorts of licensed software, computer games, apps
<ul style="list-style-type: none"> <li>Aerodynamic testing</li> </ul>	Creation of new testing environments and systems



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