



Help Given To Businesses Claiming R&D Tax Relief

Earlier this year, HM Revenue & Customs announced a consultation on R&D tax credits, focusing on the needs of smaller companies. Its purpose was to consider the four key factors affecting whether companies make claims:

- Awareness of R&D tax credits
- Design of the rules
- Understanding of the rules
- Claims' processes and administration

HM Revenue & Customs have taken the responses to the consultation into account. From 1st April 2015 the 'above the line' credit has been raised from 10% to 11% while the rate of small and medium enterprise (SME) scheme has increased from 225% to 230%.

The Government also announced in the Budget that it will introduce voluntary advance assurances lasting three years for smaller businesses making a first claim from Autumn 2015 and reduce the time taken to process a claim from 2016. There will be new standalone guidance aimed specifically at smaller companies, backed by a two-year publicity strategy to raise awareness of R&D tax credits. Further improvements to the scheme are expected to be announced later in the year.

New legislation introduced to change the treatment of expenditure on consumable items has also raised concerns amongst industry professionals. Further changes to legislation are expected to clarify that the new restriction will not apply where the product of the R&D is transferred as waste, or where it is transferred without consideration.

It is clear that one of the Government's goals is to increase innovation and development in the UK. R&D tax credits were introduced in 2000 and since then, every amendment has been made to further incentivise companies. This is another announcement from HM Revenue & Customs indicating R&D tax credits are being claimed by fewer companies than originally intended.

Companies are widely missing out on R&D tax credits and it is imperative they begin making claims as the deadline to make a claim is two years from the end of their accounting period. Please do not hesitate to contact us on 0115 9609955 if you think you have a claim.