

EXTRA TAX RELIEF FOR NEW PRODUCT DESIGN AND DEVELOPMENT

SME's can claim 225% tax relief where they design new products or software which meets the qualification of research and development.

TAX CLAIMS

If your company designs new products, which can include software systems, then you should seek expert advice on whether it will qualify for the enhanced reliefs. For example, a company spending £70,000 on salary costs and £30,000 on materials annually to design and prototype a new product can save over £75,000 of tax by claiming back up to two past years and making a current year claim.

The claim can include staff costs including pension contributions, as well as materials, software, power and subcontracted costs. Qualifying capital expenditure receives 100% capital allowances. Even if an SME is not developing their own product but are subcontracting to a large company, they can still make a claim although it will be for a smaller amount.

The last statistics show that HMRC received only 9,900 SME claims of which only 630 were in the East Midlands. We strongly believe that this is only a small proportion of the eligible companies. The key reason for the low level of claims is the failure

to recognise the opportunity. We have assisted a variety of businesses to receive substantial refunds of corporation tax through these claims.

PATENT BOX

Companies can in effect reduce the rate of corporation tax they pay down to only 10% where their sales include items on which a patent is held. For example, where a product is sold for £20,000 which includes a patented item worth £1,000, it is the profit from the full £20,000 that benefits from the reduced rate of tax.

PROFESSIONAL GUIDANCE

In order to firstly assess if a

claim for additional tax relief through R & D or Patent Box is valid and to ensure that the maximum allowable



benefits are claimed, we believe that expert advice and guidance is essential. **We are able to assess if a claim is available through our free tax health check service.**

For further information or advice, please contact Chris Newton on 0115 9609955 or at chris@newtax.co.uk

NEWTONS ACCOUNTANTS LIMITED

■ Chartered Tax Advisers ■ Chartered Certified Accountants ■ Registered Auditors

470 Hucknall Road, Nottingham, NG5 1FX E: chris@newtax.co.uk

W: www.newtax.co.uk W: www.linkedin.com/in/randdtaxspecialist W: www.randdtaxadvice.co.uk