

HMRC sped up the time to approve & pay out claims to actively help business during the COVID-19 pandemic.

The average value of a claim is £65,000.

Currently the process typically takes 28 days.

Limited companies can reclaim up to 33p in the pound of qualifying expenditure.

The company does not have to be profitable or have paid corporation tax to receive a rebate.

R&D claims are not specific to any industry. Providing you are performing qualifying work, you can claim.

What are R&D Tax Credits?

In 2001 HMRC created an initiative to enable companies to either receive cash back or offset corporation tax for undertaking Research & Development.

The take-up has been steadily increasing, with the number of claims doubling between 2017 and 2018.

HMRC aim to increase the number of claims from its current rate of 1,6% to 2,4% of GDP.

Since its inception, UK companies have received £27 billion from HMRC.

Similar processes exist in the USA, Canada, Australia, New Zealand, Ireland as well as France, Spain, Austria and many more.

Why do they exist?

The government initiative is designed to encourage businesses to carry out challenging projects by fostering innovation. This gives UK businesses a competitive edge in the global marketplace and ultimately generates more tax revenue for HMRC over the long run.

Studies show that R&D tax credits are a success and generate a return on investment for both the country that offers them and businesses that make use of them.

1. Does your business qualify?

Limited companies with less than 500 staff and a turnover of under £84 million can qualify.

2. What costs can be reclaimed?

A certain percentage of staffing costs including subcontracted labour, software, consumables, as well as lighting & heating can be reclaimed.

3. What projects are eligible?

HMRC's criteria for an eligible project is purposefully broad. This allows any company engaged in scientific or technological work to potentially make a claim.

Every industry will have its own specific qualifying activities. However, broadly speaking a project will qualify if technical challenges are encountered and time has to be spent finding solutions.

If you would like us to assist you with a claim then please feel free to contact us.