

# Benefitting from innovation: **R&D tax relief**

## Let us help you get your tax refund

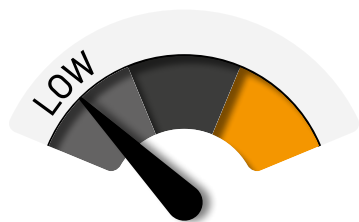
James Cowper Kreston has an exceptional track record in helping companies reduce their tax bill through R&D tax relief or, if they are not currently taxpayers, getting substantial cash pay-outs to fund their qualifying research and development activities.

[jamescowperkreston.co.uk](http://jamescowperkreston.co.uk)

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## Our approach is simple and bespoke

Our level of involvement varies depending on your needs:



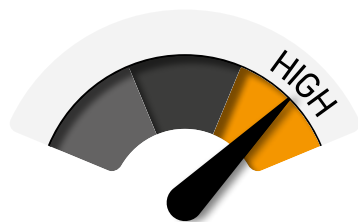
### Low level: review, confirm and submit

You are comfortable with what an R&D tax relief claim entails and you have the in-house resources to do the work - yet you require an experienced R&D tax expert to review, advise and assist with the submission to HMRC. The rest you are able to do yourself.



#### Benefits:

reduced costs and you remain in control of the process.



### High level: complete service

**You hand over to us:** We run the project, liaise with your technical specialists, identify and document the qualifying expenditure and bring it together in a report for submission to HMRC.



#### Benefits:

saves you time, and gives peace of mind.

We understand that your needs may change over time, possibly evolving from us having a high level of involvement to low or vice versa so we are flexible in our approach to suit you.



Feel free to email us at [RD@jamescowper.co.uk](mailto:RD@jamescowper.co.uk) to set up an initial (no obligation) discussion about R&D tax relief.

**In short, we work with you in a way that is most cost and time efficient for you.**

## UK Research & Development (“R&D”) tax relief

### How does it work?

Companies that spend money developing new products, processes or services; or enhancing existing ones, may be eligible for R&D tax relief. If you’re spending money on your innovation, you could make an R&D tax credit claim to receive either a cash payment and/or corporation tax reduction. The company must complete an “Additional Information Form” (AIF) on a dedicated HMRC portal and then subsequently include the R&D tax relief claim on its corporation tax return.



### What qualifies?

Projects that seek to achieve an advance in science or technology through resolution of scientific or technological uncertainty.



### Deadline for the claim itself

2 years after the end of the accounting period (which is a year after when the corporation tax return is due).



### Advance notification

For first time claimants or when you have missed a few years’ claims:

Requirement to notify HMRC within 6 months of the end of the claim period via an online portal.

If applicable, Advance Notification must be made first otherwise there will be no claim for that year.



### The merged scheme

For accounting periods beginning on or after 1st April 2024.

- » Any size of company undertaking qualifying R&D on its own behalf can claim under the merged scheme (there are possible restrictions if the company is doing R&D work for someone else)
- » Taxable grant at 20% of qualifying costs – “Above the line” credit
- » ‘Grant’ value used to pay the corporation tax liability
- » Can get cash back of up to £1,620 at present tax rates for every £10,000 spent
- » Tax credit capped at £20,000 plus 3 x total PAYE/NI costs (with some exceptions)
- » Complex rules around subcontracting – often restricted to UK activities only



### Enhanced R&D intensive support

For accounting periods beginning on or after 1st April 2024.

Same rules as the merged scheme however for the cash back element:

- » Loss-making small or medium enterprises (SMEs) whose qualifying R&D expenditure constitutes at least 30% of total expenditure
- » 86% uplift of qualifying expenditure
- » 14.5% R&D tax credit on surrendered losses remain. Loss making - get back £2,697 for every £10,000 spent
- » Tax credit capped at £20,000 plus 3 x total PAYE/NI costs (with some exceptions)

From spin outs to software, construction to chemistry, James Cowper Kreston has assisted hundreds of businesses obtain millions of pounds back from HMRC.

Here are a few case studies:



**Farming/food production**  
**Owner managed**

(Company turnover: <£1m)

We identified areas in their (albeit small) production facility where they were achieving advances in science and technology in the mechanical extraction of certain organic vegetable oils.



**Software**  
**UK subsidiary of large overseas group**

(Company turnover: £1.5m)

We undertook a detailed analysis of accounting records using a list of R&D project codes to identify qualifying costs, specifically subcontracted R&D under the RDEC rules. The initial claims involved heavy input in the R&D report, but later claims involved more of a review with suggested changes. Our involvement has, therefore, evolved over the course of our relationship with the client.



**Software**

**Owner managed**

(Company turnover: £250k)

The client is a new start-up and had not made an R&D claim before. We provided a high level review service in which we met the client, talked through the projects and assisted in bringing together a report which we submitted to HMRC on the client's behalf.

**Clinical Research Organisation**  
**Owner managed**

(Company turnover: £7m)

As all the clinical trials were undertaken on behalf of someone else, this client hadn't realised that they would still be eligible to make a claim under the RDEC scheme. We managed to get this claim undertaken very quickly to meet the deadline, after which they would have missed the opportunity for a refund.

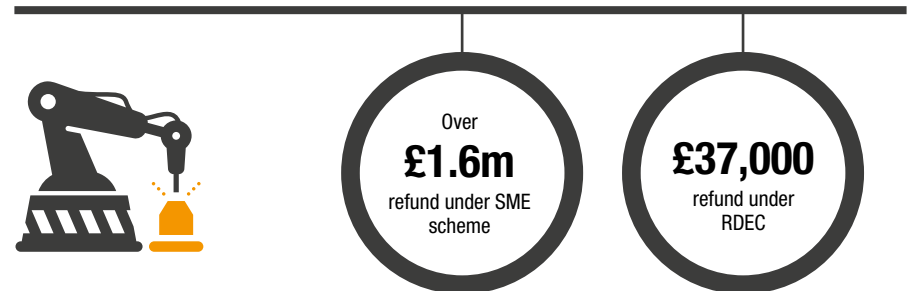


**Manufacturing**

**Established university spin out**

(Company turnover: £9.1m)

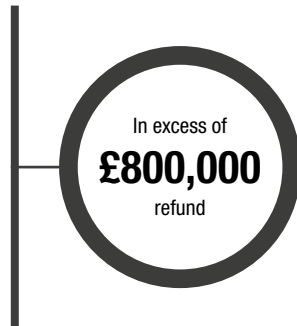
We reviewed the client's workings to establish qualifying costs, especially under the RDEC scheme, and at the correct rates. We also reviewed the narrative accompanying the numbers making suggested changes and adding comments where necessary. R&D relief was claimed under both the RDEC and SME schemes.



**Biotechnology**  
**University spin out**

(Company turnover: pre revenue)

Initially, there was no in-house accountant at the client, so we provided a high level of support to the founding scientists in bringing the claim together. The company has experienced fast growth. Using our templates and with our guidance, is now able to complete more of the work in-house.



## Why James Cowper Kreston?

First and foremost, we are experts at what we do.

Many members of our team have relevant scientific or technological degrees, yet as chartered accountants and tax advisers we work with innovative companies on their wider financial and tax matters throughout their lifecycle, not just R&D tax relief. This approach, which sets us apart from a number of our competitors, enables us to see the benefits of the relief in a wider commercial and accounting context.

For R&D tax relief claims, we are also supported by subject specialists in particular sectors, should we need them.

Our firm also attends the Research and Development Communication Forum biannual meetings with HMRC and R&D specialists.

## Approach to fees

We will give you a fee quote for the level of work that you require us to do. We aim to be competitive. In certain circumstances, we are also able to offer contingent fees for R&D tax relief claims if you require us to do so.

## Professional standards

As members of the Institute of Chartered Accountants of England and Wales and the Chartered Institute of Taxation we operate under strict standards of professional conduct. We follow the principles of Professional Conduct in Relation to Taxation. This sets out the high ethical standards which form the core of the tripartite relationship between tax adviser, client and HMRC.

## Other incentives and reliefs for innovation

We also help companies enter the **Patent Box** – a reduced rate of corporation tax for profits derived from the ownership of UK or European patents. If your R&D has led to patents and profitable income streams, then you should be considering this relief.

Please contact us on **RD@jamescowper.co.uk** to start a conversation.



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## Contact us

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