



## Research & Development Tax Relief

Research & Development (R&D) tax relief is a government tax incentive which allows innovative companies to take advantage of generous tax reductions for costs incurred by this area of their business.

This is designed to encourage greater investment in innovation by rewarding businesses that are developing new, or significantly improving existing, products, processes, materials and systems. There are two schemes available for claiming relief, depending on the size of the company or organisation.

### For Small and Medium Companies

Research & Development tax relief was introduced for small and medium enterprises (SMEs) in 2000, and the credits available have been substantially increased over recent years, with the scheme undergoing several changes during that time.

For R&D spend from 1 August 2008, an SME is defined by HM Revenue & Customs (HMRC) as a company or organisation with fewer than 500 employees and either of the following:

- An annual turnover not exceeding €100 million (£79m)
- A balance sheet not exceeding €86 million (£68m)

From 1 April 2015, the tax relief on allowable R&D costs for eligible SMEs is 230%. That means that for each £100 of qualifying costs, the income on which Corporation Tax is paid could be reduced by an additional £130, on top of the £100 spent. This also includes a payable credit in some cases.

### The Large Company Scheme

A company or organisation is treated as 'large' if it, together with appropriate proportions of any 'linked' or 'partner' enterprises, has:

- 500 or more employees, or
- An annual turnover exceeding €100m and a balance sheet total exceeding €86m

Large companies undertaking R&D may also be eligible to claim significant additional tax relief, and in some cases are able to take advantage of a cash payment.

### Who is eligible for R&D reliefs?

A common misconception is that R&D tax credits are only available to companies developing something completely new, from scratch. However, R&D is also eligible for:

- Developing a process or product that already exists in the industry, but where the information to resolve technical uncertainty is not readily available
- Making an improvement to an existing product or process, or duplicating an existing product in a significantly improved way (such as exploring new cost effective materials which will perform to the same, or better, technical specification as an already available product).

The R&D work doesn't have to have been successful, as long as it aims to achieve a scientific or technological advance a claim may be possible.

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## How can we help?

Ormerod Rutter have a dedicated Research and Development team, working alongside our sister company Templeton Research and Development Ltd, who are on hand to help guide you through the claim process.

We can help:

- Identify activities which qualify
- Analyse accounting records to establish how much expenditure qualifies
- Prepare the claim and supporting documentation to meet HMRC requirements
- Negotiate agreement of the claim with HMRC

Our experience spans many different industry sectors. We have a 'no win, no fee' structure in place to avoid unwanted overheads, and we pride ourselves on our 100% track record of successful claims.

Our aim is to provide you with an efficient and quality service, without taking up your valuable time.

Our expert team will handle your claim for you with no upfront costs, and we'll only charge our fee when we've identified a tax benefit.

To find out more and take the first step towards a tax saving for your business, contact us to arrange a free, no obligation consultation.



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