

Claiming R&D Tax Relief on e-commerce websites

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Today's ecommerce systems mean that almost anyone can sell online - yet setting up and maintaining a large e-commerce operation is still a costly and complex job. Big online stores can throw up huge technical challenges, yet web developers are often unaware that they may be able to claim tax relief on such products.

To ensure you don't miss out, the key is to understand the type of activities that will qualify for R&D tax credits. Generally sites built using well established technologies will not be eligible, nor will any work related to the user experience such as content and design.

THE PROJECTS MOST LIKELY TO QUALIFY ARE THE COMPLEX ONES WHICH INVOLVE BESPOKE CODING AND REQUIRE DEVELOPERS TO COME UP WITH INNOVATIVE SOLUTIONS OR TECHNOLOGY.

To illustrate the point, here are five common areas for claims:

1. Availability

Nowadays sites with simple product offerings can be created with an off-the-shelf template. However, problems arise where the product offering is more complex, for example with different design options, colourways or combinations, or where the system needs to check availability and thus link to a back-end database before accepting an order. This type of integration development work may well qualify for tax relief.

2. Pricing and Promotions

Again, developers may have to be more inventive where there are complicated pricing structures or promotional offers such as 'buy one get the second half price' or 'free bag with every dress'. Promotions like these can be problematic in store as staff attempt to work out which apply, which don't apply and which can be used in combination. It's no surprise that replicating them automatically online creates even more headaches!

3. Sequencing Payments

With some types of purchases, such as travel bookings equipment hire or a bathroom refit, it is common to take deposits or make staged payments. Again, this may require companies to develop new integration technology solutions.

4. Eligibility

In some cases, orders can only be accepted where buyers provide proof of identity or eligibility, such as checking their credit score or qualifications. Developers will need to find ways to link to other back-end databases for verification while trying to ensure a swift and seamless process.

5. Fulfilment

Where goods are being despatched directly from third party, the system will need to integrate with a third party site to check stock and arrange delivery - typically retailers which ship directly from overseas manufacturers or work in partnership with logistics companies.

Please let us know if you recognise any of these situations:

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