

Research and development

Claiming R & D tax relief in the digital and tech sector

Is your business doing something innovative in the field of science or technology? Are you driving technological advancement and improving on what's already in the market? Then you could be eligible to claim thousands in Research and Development tax credits.



The R&D tax credits scheme is open to all companies, and in the last financial year SMEs claimed roughly half of the total £1.75bn paid out to companies of all sizes.

Information is available to enable us to get a view on typical claimants.

- + 30.7% originated from the Manufacturing sector, followed by
- + 25.7% Information & Communication sector
- + 19.4% Professional, Scientific & Technical and
- + 9.6% Wholesale and Retail Trade

If your company is engaged in projects that could qualify for R&D tax credits, start asking yourself the following questions. If you can answer yes to each one, there is a good chance you would be eligible for some tax relief.

- + Are you working on an innovative project?
- + Does your project have a defined start and end date?
- + Is it a field of science or technology?

- + Is the work you are doing improving what is currently available in the marketplace?
- + Are you pursuing a scientific or technological advancement?
- + Is there a degree of scientific or technological uncertainty involved?
- + Is the knowledge or capability involved readily available? Or is it deductible by a competent professional?
- + Are you spending time investigating and testing the results?

Typical charges for this work are 15% of any tax recovered on a claim.

So far a staggering £3m of tax repayments has been claimed for our clients.

Maximising a potential claim

One specialist sector is the growing tech and digital sector which should encourage a higher proportion of claims. It's also refreshing to see that HMRC is making the process easier by developing an online portal. All claims are different but there are certain steps that companies making a claim should put in place to ensure they maximise that cheque back from HMRC.

1. Detailed project or activity logs showing challenges and issues.
2. List your staff working on the project and include time sheets, if available.

What's a claim worth to your business?

Up to 25% extra tax reduction for profitable companies – that's the equivalent of 44p from HMRC for every £1 spent on R&D activities rather than the usual 19p. Up to 33% cash back for loss making companies.

Expenditure includes:

- + Staff costs of those working on a project, subcontractor costs and certain other overhead expenses.
- + Developing new or improved products, processes, services or systems.

Other examples where your company may be able to claim

If you require further advice in relation to R&D tax relief, contact us at:

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1. Increasing the speed of applications in games, geolocation and communication.
2. Second Screen technology, for example enhancement of the delivery of mobile technology to TV
3. Software that tracks eye movements, and key strokes that enhance user experience
4. Software that allows programming languages to integrate
5. Improving presentation and access to images on handheld devices
6. Real-time image processing and image recognition
7. Video processing and audio processing
8. Integration of tools that build, which have helped the explosion of IoT products on the market
9. Internal development of new web-based Customer Relationship Management
10. System development of an internal bespoke time recording and billing system
11. Translation of software into foreign languages
12. Development of iPad and iPhone applications
13. Subcontracted development of bespoke software applications

