



# Research and development

## Tax Relief for the Construction Industry

Your construction company could be missing out on tax relief up to an additional 25%, or a repayable tax credit if you are loss making.

**+** WHILE THE RULES ON R&D TAX CREDITS ARE COMPLEX, THE TRICK IS TO UNDERSTAND THE TYPE OF ACTIVITIES THAT MIGHT BE ELIGIBLE AND SPEAK TO AN EXPERT TO CHECK IF YOU HAVE A CLAIM.



**Forrester Boyd**  
CHARTERED ACCOUNTANTS

Around, 1,300 companies in our region alone file Research & Development (“R&D”) tax relief claims with HMRC, representing around £55m of tax savings each year. Claims by the construction sector account for only around 2% of R&D claims nationally, yet aspects of many construction sector firm’s work can be similar to manufacturing and from which sector 30% of R&D claims spring. This means that you may be overlooking much needed extra relief.

Your key criteria for extra tax relief may be if you use novel materials, tools, or techniques whose development includes overcoming some technological uncertainty, and which are an advancement in the industry. If their development is a prototype, and the knowledge of how to achieve is not readily available or deducible by a competent professional in the industry, then there may be scope for an R&D claim delivering an extra 25% corporation tax relief on top of the usual 19% relief.

#### Areas which indicate that R&D may be occurring include:

- + Are there specialist engineers on the project, either in house or consultants?
- + Are there stage payments due in part to having to overcome technical/materials milestones?
- + Do the contracts contain extensive indemnity and retention clauses?
- + Is prototyping involved?
- + Are materials being developed which are cheaper, greener, or more reliable; or new combustible or fire retardant materials?
- + Is there development of new materials, tools, or evaluation of existing materials/technology, combinations and adaptations of existing materials and products, or binding methods or coatings which haven’t been used in the market before?
- + Are there new productions techniques, including new modular off-site fabrication methods and which make the erection of buildings more efficient and accurate?
- + Advances in software to resolve challenges (the cost of software itself is allowable as a consumable cost in any case where the overall aim of the wider project qualifies for R&D)

**Our R&D specialists will be pleased to discuss with you the potential benefits and qualification for your company. Please get in touch with us:**

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