



HOW TO

make an optimised R&D Tax Credit claim



Barrie Dowsett
CEO of R&D Tax Credit specialists Myriad

Associates, has designed a five-step guide, to help deliver an optimised R&D tax credit claim. However, he does not recommend undertaking the journey alone – working with an R&D tax specialist will ensure a claim is maximised while also minimising the time a company must spend on it.

Step 1 – The Brainstorming Session

Invite your key technical experts, finance and a representative from an R&D tax specialist to a brainstorming session that focuses on identifying all eligible development projects undertaken in the accounting period(s) for which you are claiming. For each project, you will need to establish the start and finish date (if it has finished!)

Barrie Dowsett has more than 10 years of experience in claiming R&D tax credits. Contact him on:

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To make free use of Myriad's online R&D Tax Credit calculator, visit its website at

www.myriadassociates.com

Step 2 – The Technical Write-Up

HMRC highly recommends that you include a technical briefing for your major projects when filing an R&D tax relief claim. We suggest that technical briefings are completed to cover approximately 60% of your development costs. Therefore it makes sense to prepare a technical briefing for projects that are high on the development time front.

It is important that the technical briefing focuses on highlighting the eligible activities within BIS guidelines. We strongly recommend that the technical briefing is drafted by an R&D tax relief expert to ensure that the claim meets the qualification criteria.

Step 3 – The Costing Schedule

The R&D tax credit claim will need to be supported by a costing schedule that allocates eligible costs to each qualifying development project. Again, the use of specialist R&D tax relief experts will ensure that this costing schedule is correctly prepared and that your claim optimised.

You can claim the following 'revenue' expenditure which is actively and directly related to the eligible development projects:

- Cost of employing staff;
- Paying a staff provider (agency) for staff provided to the Company;
- Software costs directly relating to eligible development projects;
- Sub-contract costs (65% of invoiced value);
- Apportionment of power, water and fuel as well as certain consumable costs.

Step 4 – Submitting Your Claim

A full R&D tax relief claim will need to be prepared including technical briefings and costing schedules.

You will need to update the company tax return (CT600) and tax computations, something which can be completed by your R&D tax specialist or accountants. If you are making a retrospective claim then the company tax return (CT600) and tax computations will need to be amended and resubmitted together with the R&D tax relief claim.

The R&D tax relief claim, together with the company tax return, tax computations and the statutory accounts will be reviewed by one of the 7 regional HMRC R&D Tax Units.

Step 5 – HMRC: Reviewing and Processing Your Claim

The relevant HMRC R&D Tax Unit will process your R&D tax relief claim by reviewing your technical briefings, checking your costing schedule and company tax return/tax computations. If the company is due a corporation tax refund or a credit payable then the payment is normally made within 1 to 2 weeks once the claim has been processed.

If HMRC decide to make an enquiry into the R&D tax relief claim, this is normally communicated within 30 days of receiving the claim. However, HMRC does have up to 12 months to make to make an enquiry into a company tax return. **END**