

Convert your
bright ideas
into cash



R&D Tax Specialists





Since its launch in 2000,
almost £14billion in tax relief has been claimed



Since its launch around
39,360 SMEs have made
successful claims



London and the South
East accounts for just
over half of all SME
R&D Claims



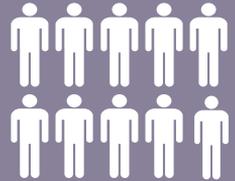
Average Claim
Value £56,000



The total number
of claims rose to
22,445 in the
year 14/15

25%

Of claims made came
from companies
between 0-5 years old



In effect, to fall within
the SME definition,
the enterprise must
stay below the staff
headcount ceiling and
fall below at least one
of the turnover and
balance sheet total
ceilings

Eligible companies
that can claim for
R&D include



Waste &
Recycling

Engineering



Renewable
Energy

Building &
Construction



Food
Industry



And Many More

The existing SME thresholds for UK R&D
Tax Relief are as follows:

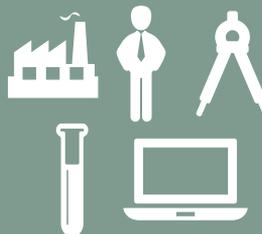
Less than 500
staff

Less than £85
million turnover

Less than £73
million gross
balance sheet
assets



It is estimated that less
than 4% of companies are
claiming R&D Tax credits



Manufacturing,
Professional,
Scientific, Technical &
Information &
Communication sectors
make up 78% of
claims in 14/15

Do you Qualify for R&D Tax Credits?

If you can answer yes to any of the following, you probably qualify for Research and Development Tax Credits.

Are you a UK-Based Limited Company?

Do you believe you have made any advances in science and/or technology?

Have you developed your own software?

Are you using existing technologies in a unique way or combining two or more technologies in a way they have never previously been combined?

Does your business have a positive environmental impact; whether through recycling, reducing or reusing waste, or reducing the carbon footprint?

Have you developed any processes that improve efficiencies (for example, by reducing production times or costs)?

Have any other companies asked you to undertake design, manufacturing, or software development to assist with any part of their projects?



A vintage black typewriter is shown from a front-facing perspective. A white sheet of paper is inserted into the carriage, and the text "A Brief Introduction to R&D Tax Credits" is printed on it. The typewriter has a classic design with a keyboard, a carriage, and various adjustment knobs. The background is a textured, light-colored wall.

A Brief Introduction to
R&D Tax Credits

R&D tax credits are one of the most attractive tax reliefs available as they often result in significant cash repayments from HMRC.

Despite this, many businesses are unaware of the reliefs that are available to them and many companies that could qualify for R&D tax relief are missing out on these valuable incentives.

If you offer customers solutions that involve ingenuity or are bespoke you are probably undertaking R&D and therefore qualify for tax credit.

What are Research and Development Tax Credits?

R&D Tax Credits are an HMRC scheme designed to encourage innovation and new products, helping to reward your efforts and keep the UK competitive.

Reduce corporation tax or receive cash back

Successful claims reduce corporation tax or provide cash back for prior years in the event of loss-making. Up to two previous financial years can be claimed for and we will advise on the most efficient way to use the credit for your business.

There are a wide range of qualifying sectors and costs

R&D is not just for scientists in laboratories. This misguided view is causing 1000s of companies to miss out on cash they are entitled to. There is a huge scope for qualifying costs and activities across many industries.

The scheme rewards your ingenuity

R&D Tax Credits provide a great incentive and reward for your ideas, innovative processes and new products. The credit you receive is a powerful tool for future investment planning.

Qualifying Expenditure

A wide range of costs
can be claimed for





**Relevant
Directors
Costs (Gross)**



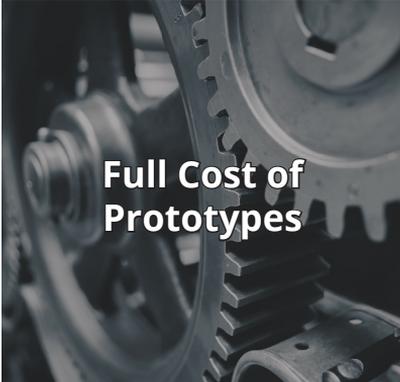
**Staff Wages,
Pensions and NIC**



**Up to 65% of
Subcontractor
Costs**



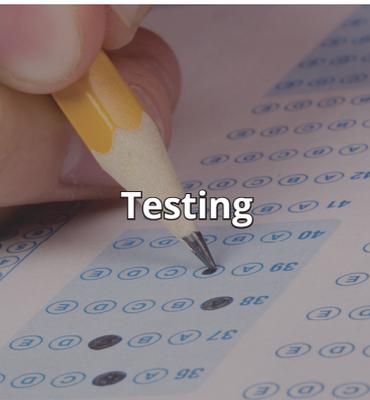
**Consumables
and Materials**



**Full Cost of
Prototypes**



**Share of
Utilities**



Testing



**Clinical Trial
Volunteers**



Software

Why Invest in Research?

As the need for more efficient, effective, intelligent and environmentally-friendly technologies and products increases, the UK is quickly becoming a hub for highly innovative companies across a wide range of industries.

Often these new developments require huge amounts of investment including substantial financial outlay, manpower, specialist knowledge and time in the form of research and development (R&D). Many UK companies are unaware that they are entitled to claim enhanced expenditure for R&D and could be losing significant amounts of cash.

R&D Tax Credits are a government initiative designed to stimulate and reward enterprise and innovation.

As a firm of business advisors, we want to support our clients in every way possible and help them to access the scheme to benefit from corporation tax reductions and cash back.

By investing in R&D to develop innovative new products, technologies and services, you not only help to advance technology and science and open new avenues for your business, you can be rewarded for doing so.

There are two schemes to claim R&D: The SME Scheme and RDEC. The size of a company determines which scheme will apply.

SME (SME Scheme)

Companies with fewer than 500 employees and either a turnover of below €100 million or gross assets of less than €86 million.

Large Company (RDEC)

Any company that exceeds any of the SME thresholds is classed as a Large Company for R&D purposes.

The SME Scheme

Profitable SME

For a profitable SME an R&D claim would reduce its profits chargeable to corporation tax for the period, by the amount of the additional deduction.

Loss making SME

If an SME makes a loss in the year in which qualifying R&D expenditure is incurred, the SME can surrender this loss in return for a cash repayment at a rate of 14.5%.

The RDEC Scheme

Large companies can claim RDEC at 11% of their qualifying expenditure on R&D. RDEC income is taxable - and so effectively gives a cash repayment of up to 8.8% of the qualifying expenditure.

Not just for Large Companies

Small and medium-sized enterprises receiving grant funding or with subsidised R&D expenditure can also claim under RDEC - giving companies a lot of flexibility for tax planning.

Profitable SME

Amount of Credit: 26%
£100,000 of Qualifying R&D
x 130% enhancement (£130,000)
x 20% Corporation Tax
£26,000

Loss making SME

Amount of Credit: up to 33.35%
£100,000 of Qualifying R&D
x 130% enhancement (£130,000)
Enhanced R&D = £230,000
£230,000 x 14.5%
£33,350 payable R&D Tax Credit

RDEC

Amount of Credit: up to 8.8%
£100,000 of Qualifying R&D
x 11% credit rate (£11,000)
Gross Credit Amount = £11,000
£11,000 - 20% Corporation Tax
£8,800

These figures are purely indicative - business tax is a complicated area and as such each claim is treated individually. Outstanding PAYE or NI liabilities with HMRC may affect any tax credit claimed. All figures correct as of 1 April 2015.

Successful R&D Tax Credit claims can make a significant difference

A first time claimant can often claim 3 times in a short period of time, which could lead to large amounts of credit being received.

Using the SME Scheme

Costs	Allowable	Qualifying Expenditure
R&D Manager's costs £100,000 with 20% of time directly managing the R&D	£100,000 x 20% allowable as staff costs	£20,000
R&D staff costs £600,000 with 10% of time directly on R&D	£600,000 x 10% allowable as staff costs	£60,000
Heat and light £5,000 with 10% consumed in R&D project	£5,000 x 10% as consumable items	£500
Disposable laboratory equipment consumed £200	£200 as consumable items	£200
£80,000 payments to an unconnected subcontractor for specific R&D work	65% of payments allowable as subcontracted R&D (80,000 x 65%)	£52,000
£70,000 payments to unconnected staff provider for staff directly engaged on R&D	65% allowable as an externally provided worker (70,000 x 65%)	£45,500
Total Qualifying Expenditure		£178,200
SME Scheme Enhanced R&D Relief	£178,200 x 130%	£231,660

In the next section the value of the R&D Claim is explained.

Potential Benefit of R&D Tax Credits

Under the SME Scheme, the £178,200 of qualifying R&D Expenditure is worth £231,660. With that figure in mind; let's see how much corporation tax could be saved - or cash back received in these scenarios:

1) A company with taxable profits of £250,000 paying tax of £50,000 (@20%)

Here, the company is able to reduce their tax bill significantly because the R&D relief reduces the profits made - and as such, the corporation tax due.

Revised taxable profit with R&D enhancement	£18,340
New Tax liability	£3,668
Tax saving	£46,332

2) A company making a loss of £100,000 (no tax paid)

In this example the company is able to sacrifice its losses for 14.5% of the value - resulting in them receiving a cash payment of £48,090.70

Revised loss with R&D enhancement	-£331,660
Loss sacrifice for cash payment @14.5%	£48,090.70

3) A company with taxable profits of £100,000 paying tax of £20,000 (@20%)

And finally, this company is able to reduce their corporation tax liability completely - and receive a cash payment of £19,090.70 - even though they were still making a profit!

Revised taxable profit/loss with R&D enhancement	-£131,660
New Tax liability	£0
Loss sacrifice for cash payment @14.5%	£19,090.70
Tax saving	£39,090.70

Frequently Asked Questions



What are R&D Tax Credits?

A government incentive scheme to encourage companies to carry out self-funded development projects. It allows companies to claim a proportion of the costs incurred in developing new products, services or processes.

Who can claim?

Any UK-based limited company with under 500 employees can claim under the SME Scheme. There are other schemes available for larger companies.

Does it really result in cash back?

Yes - if you meet the criteria and are making a profit we can get you a refund of corporation tax that you've paid. If you're making a loss we can get a cash payment. However, sometimes clients prefer to take the tax benefit, making the scheme incredibly powerful for tax planning.

How much money can I expect to get?

This is difficult to answer because it depends on your tax position and other factors. However you should expect between 11% and 33.35% of qualifying costs back.

How long does it take to claim?

75% of claims are settled by HMRC within 28 working days of the claim being submitted. However, if there's a query or they have a backlog that's built up, this can extend to three months.

What types of projects are eligible?

Any project that is scientific and technical or requires bespoke development.

I haven't made a profit - can I still claim?

Yes, you can still get a cash payment if you're making a loss.

How far can I go back to claim?

You can go back two full financial years, so a first time claimant can often make 2 or 3 claims in succession - which can result in substantial credit.

Need more information?

Visit our website at www.aspenwaite.co.uk or contact us on 01278 445 151 for more information - one of our team will be happy to explain more.



Glass Technology
£174,365



**Natural Health
Food Specialist**
£2,450



**Safety
Equipment**
£23,451



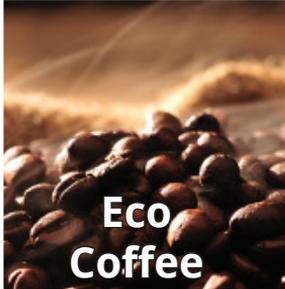
**Animal
Welfare**
£21,918



**Smart Home
Technology**
£12,767



**Lightbox
Manufacturing**
£518.18



**Eco
Coffee
Roasting**
£2,644



**Frozen
Yogurt**
£28,108



Waste and Recycling
£40,681



**Shoe
Production**
£5,187



Medical Research
£60,935

Whether you are a start-up or an established company, loss-making or in profit, you can benefit

Why work with Aspen Waite

We make it easy to claim from initial contact to receiving your credit.

To date, we've never failed a client and we have successfully claimed across over 70 industries.

We only charge a fee if we are successful and guarantee to work on any size claim for any company that qualifies.

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