



Activity in these areas can generate
lucrative tax reliefs for your business.

Don't miss out...

As well as demonstrating clear understanding and significant technical expertise, Haines Watts were responsive and efficient throughout the project and delivered excellent results. We have no hesitation in recommending them.

John Greene
Border Oak Design & Construction Ltd

Without your expert knowledge we would never have thought we would qualify for the level of credit that we did. The whole process was also pain free and far from time consuming, which I certainly did not expect.

Alex Pattison-Appleton
Rethink Printing Ltd

By securing a significant, and most welcome, tax rebate, Haines Watts proved to us that our innovative approach, which we somewhat took for granted, is just what the Government is looking to reward through the R&D tax credit scheme.

Vicki Connop
Connop & Son Ltd

In addition to the effective handling of our R&D claims, Haines Watts provided a timely introduction to the Patent Box regime which increased the level of tax credit we have been able to obtain. We are happy we came across this particular expertise when we did.

Mike Hodges
Apreco Ltd



Rewarding Innovation & Development

If the Government changed the name 'R&D Tax Credits' to 'Improvement Credits' or 'Progression Credits', we may not have a position where **97% of eligible companies have not made a claim.**

The common misconception about the type of activity that qualifies for R&D tax relief exists largely because the term 'R&D' suggests noteworthy scientific or technological advancement.

The truth is, to qualify for R&D tax relief, activity simply must seek to attain appreciable improvement to products, services or processes and can apply to any sector.

Much of this is fundamental to what businesses do in order to grow but many business owners overlook the potential for a claim as they see the activity as just a necessary part of the sales and tendering process.

Take a look at the examples that follow. If you find yourself saying "We do that" then call us on 01432 273 189

Work in Progress

The most common business activities which generate qualifying expenditure for R&D tax credits are summarised below. Most claims will comprise a range of activity as shown in the case studies that follow.



Efficiency & Cost Reduction

These pursuits are typical of growing businesses. If the activity relating to achieving these goals is scientific enough e.g. involving testing, measuring or KPIs, then a claim for R&D tax relief is possible.



Quality Management Standards

The pursuit of quality management standards, be they formal or informal, almost inevitably leads to appreciable improvements in processes which can give rise to an R&D claim.



IT

Bespoking software and overhauling IT systems to improve business practices is fairly standard practice but often overlooked as qualifying activity for R&D claims. Developing new websites and CRM systems can also qualify.



Personnel

The salary costs of those involved in qualifying activity usually make up the majority of an R&D claim and recruitment costs for those brought in to undertake specific development activity can also count as qualifying expenditure. Most progressive firms have at least one key person with responsibility for driving efficiencies who will be central to the claim.



Premises

The design and planning invested in the adaptation of existing or new premises to increase capacity or achieve efficiencies can be qualifying expenditure.



Failed Attempts

Failed attempts to improve products or processes can still count as qualifying expenditure. The activity does not have to be successful to make a claim.



Pure & Applied Research

Research does not have to have a commercial focus. Pure research to further understanding, even as part of an external initiative, can count as qualifying activity as long as it relates to the nature of the business.



New Markets

Entering new markets, particularly overseas, can necessitate an adaptation of a product to meet new standards or specifications and will qualify as R&D activity.

Case study 1

Modernisation & Quality Control Improvements

The majority of this claim was generated from the company's efforts to fully modernise their operations. This included significant investment in a new IT infrastructure and the development of a quality control system pitched beyond the legislative requirements of its business sector.



Full automation of workshop orders to improve stock control and minimise human error



Implementation of a new quality control system in order to attain the ISO 9001:2008 accreditation



IT overhaul including introduction of bespoke monitoring software



Creation of a new systems manager role to oversee modernisation of processes



Optimisation of production line processes

Case study 2

Adaptation of Product & Website Rebuild

This company is continuously adapting its product for different applications, including the varied standards and specifications of new overseas markets. An internal rebuild of the website was also part of the claim due to the resulting improvement of in-house capabilities.



Adaptation of product for new overseas market



Failed attempts to adapt an existing product



Upgrade from ISO 9001:2008 to ISO 9001:2015



Complete website rebuild



Design of new premises to optimise performance and allow for growth

Case study 3

Adaptation of Premises & Software Development

Much of the qualifying expenditure for this company's claim came as a result of the fit-out of new premises. The warehouse was ergonomically redesigned to improve efficiencies and reduce costs and the operational challenges of running multiple sites were also addressed.



Ergonomic redesign of premises to improve efficiencies



Development of new stock control software following a failed attempt to bespoke existing software



Recruitment of specialist with responsibility for streamlining processes and reducing costs



Upgrade to the company's ISO27001 accreditation following improvements to the IT infrastructure



Engineering of workflow to double output

Case study 4

Adoption of Emerging Technologies & Pure Research

Interfacing emerging technologies with existing systems will inevitably throw up issues to be resolved. The testing, downtime and software upgrades involved were all accounted for in the claim.

Another interesting element of the claim is the activity of one of the directors who engages in voluntary collaborative efforts and pure research initiatives with industry specialists. This research, albeit without an immediate commercial focus, was considered to be qualifying activity because it enhanced the in-house technical knowledge.



Integration of state-of-the-art technology with existing systems



Pure research as part of a collaborative group of professionals in the field

Your expertise in identifying qualifying expenditure has resulted in a level of claim we never thought possible and it has also helped us think more strategically about funding future innovation.

Les Salt
Goldvale Steel Fabrications Ltd

It was a revelation that the activity which we saw as a necessary part of growing our business could be considered 'R&D' and therefore generate tax relief. Our claim was handled very efficiently and the outcome was most welcome.

Sally Gibson
Dawleys Ltd

Why you should call Haines Watts

If you're still unsure about whether your work qualifies for R&D tax relief then a brief call to us will clarify matters. There is no fee for this initial advice and there is no obligation to pursue a claim with us but here are some reasons why you should:

- We offer a success-based fee so you pay us according to the level of return we achieve for you. If a claim is unsuccessful then you pay nothing... but that is unlikely.
- Claims can go back two tax years so the quicker you act, the more benefit you can achieve.
- The business structure and remuneration of key directors can have a significant bearing on the level of qualifying expenditure so you need an advisor who can look at the wider picture. As accountants and business advisors, award-winning Haines Watts is expertly positioned to provide holistic advice.

Tel 01432 273 189
Email hereford@hwca.com
www.hwca.com/accountants-hereford

Haines Watts and The Haines Watts Group generally refer to the network of member organisations, each of which is a separate and independent legal entity. Each entity has signed a participation agreement with Haines Watts Limited, or is controlled by such a firm. Member organisations are not members of one legal partnership and are only liable for their own acts and omissions, and not those of each other.

The majority of these firms are not authorised under the Financial Services and Markets Act 2000, but because they are licensed by the Institute of Chartered Accountants in England and Wales, are able to offer a limited range of investment services to clients if they are incidental and/or complementary to, or arise out of, the other professional services they have been engaged to provide.

It is Haines Watts Group policy to refer most investment business, excluding corporate finance work, to Financial Advisers, authorised and regulated by the Financial Conduct Authority. The Financial Adviser will take full responsibility for compliance with the requirements of the Financial Services and Markets Act 2000.

This brochure is designed for the general information of readers. The information represents Haines Watts Group's present understanding of current and proposed legislation and HM Revenue and Customs practice. Whilst every effort has been made to ensure accuracy, information contained in this briefing may not be comprehensive and recipients should not act upon it without seeking professional advice from their usual adviser. The values of investments may go down as well as up and are not guaranteed.



www.hwca.com/accountants-hereford