

## R&D Tax Credits

### About R&D Tax Credits

Introduced in 2000 by the government to encourage UK based innovation.

### SMEs

**86%**

Additional Tax  
Deduction

### Large Ent.

**20%**

Gross Tax  
Benefit Rate

### What Qualifies?

The HMRC supports projects that attempt to overcome “scientific or technological uncertainties”.

In essence, if an incorporated business attempts to solve an uncertainty or gap within the market by financially committing to exploratory testing by a competent professional, they could qualify for the incentive.

However, the successful or unsuccessful project should also extend the scientific or technological knowledge in their field.

### Projects Must Attempt To

- + Create a new product, service or process.
- + Improve or upgrade an existing product, service or process.

### Qualifying R&D Costs

Direct R&D costs that fall into the following categories are claimable under the incentive from the start until the end of a project’s “uncertainty” or the exploratory testing and development phase.



**People:** Salaries, wages, employer’s NICs & pension contributions.



**Subcontractors:** Both elected & unconnected third parties.



**Consumables:** Consumed raw materials and hardware (e.g. chemicals, flour, electronic components, etc.).



**Utilities:** Heating, lighting and power.



**Software:** Software licences, data and cloud computing costs.