

# Benefitting from innovation: **R&D tax relief**

## Let us help you get your tax refund

James Cowper Kreston has an exceptional track record in helping companies reduce their tax bill through R&D tax relief or, if they are not currently taxpayers, getting substantial cash pay-outs to fund their qualifying research and development activities.

[jamescowperkreston.co.uk](http://jamescowperkreston.co.uk)

London • Newbury • Oxford • Reading • Southampton

# Our approach is simple and bespoke

Our level of involvement varies depending on your needs:



## Low level: review, confirm and submit

You are comfortable with what an R&D claim entails and you have the in-house resources to do the work - yet you require an experienced R&D tax expert to review, advise and assist with the submission to HMRC. The rest you are able to do yourself.



### Benefits:

reduced costs and you remain in control of the process.



## High level: complete service

**You hand over to us:** We run the project, liaise with your technical specialists, identify and document the qualifying expenditure and bring it together in a report for submission to HMRC.



### Benefits:

saves you time, and gives peace of mind.

We understand that your needs may change over time, possibly evolving from us having a high level of involvement to low or vice versa so we are flexible in our approach to suit you.



Feel free to email us at  
**[RD@jamescowper.co.uk](mailto:RD@jamescowper.co.uk)**  
to set up an initial (no obligation)  
discussion about R&D tax relief.

**In short, we work  
with you in a way  
that is most cost and  
time efficient for you.**

# UK R&D tax relief

## How does it work?

There are two schemes: R&D Expenditure Credits "RDEC" or the SME scheme. The claim is made through the normal corporation tax return.



## What qualifies?

Projects that seek to achieve an advance in science or technology through resolution of scientific or technological uncertainty.



## Deadline

2 years after the end of the accounting period (which is a year after when the tax return is due).



## Advance notification

Watch out for new compliance measures that require you to notify HMRC within 6 months of the claim period end that you intend to make a claim for the first time or if you haven't made a claim in the previous 3 years!



## RDEC scheme

- » RDEC – for "large companies" or those receiving grants or subsidies.
- » Taxable 13% 'above the line' taxable credit of qualifying R&D, increasing to 20% for expenditure after 1 April 2023.
- » Either reduces corporation tax bill, or can be refunded if loss making (net of corporation tax).

Example: £100k of qualifying expenditure. Loss making. Results in up to £10,530 cash refund, or between £15,000 to £16,200 from April 2023



## SME scheme

- » "Super" deduction of additional 130% of qualifying costs when calculating the taxable profits or losses, reducing to 86% for expenditure on or after 1 April 2023
- » Either reduces corporation tax bill or can be surrendered for cash if loss making.

Example: £100k of qualifying expenditure. Loss making. Results in up to £33,335 of cash refund, reducing to £18,600 from April 2023.

From spin outs to software, construction to chemistry, James Cowper Kreston has assisted hundreds of businesses obtain millions of pounds back from HMRC.

Here are a few case studies:



**Biotechnology**  
**University spin out**  
(Company turnover: pre revenue)

Initially, there was no in-house accountant at the client, so we provided a high level of support to the founding scientists in bringing the claim together. The company has experienced fast growth. Using our templates and with our guidance, is now able to complete more of the work in-house.



**Farming/food production**  
**Owner managed**  
(Company turnover: <£1m)

We identified areas in their (albeit small) production facility where they were achieving advances in science and technology in the mechanical extraction of certain organic vegetable oils.

**£10,000**  
refund

In excess of  
**£800,000**  
refund

**Software**  
**UK subsidiary of large overseas group**  
(Company turnover: £1.5m)

We undertook a detailed analysis of accounting records using a list of R&D project codes to identify qualifying costs, specifically subcontracted R&D under the RDEC rules. The initial claims involved heavy input in the R&D report, but later claims involved more of a review with suggested changes. Our involvement has, therefore, evolved over the course of our relationship with the client.

Over  
**£100,000**  
refund



**£75,000**  
refund

**Software**  
**Owner managed**  
(Company turnover: £250k)

The client is a new start-up and had not made an R&D claim before. We provided a high level review service in which we met the client, talked through the projects and assisted in bringing together a report which we submitted to HMRC on the client's behalf.

**Clinical Research Organisation**  
**Owner managed**  
(Company turnover: £7m)

As all the clinical trials were undertaken on behalf of someone else, this client hadn't realised that they would still be eligible to make a claim under the RDEC scheme. We managed to get this claim undertaken very quickly to meet the deadline, after which they would have missed the opportunity for a refund.

Over  
**£100,000**  
refund



**Manufacturing**  
**Established university spin out**  
(Company turnover: £9.1m)

We reviewed the client's workings to establish qualifying costs, especially under the RDEC scheme, and at the correct rates. We also reviewed the narrative accompanying the numbers making suggested changes and adding comments where necessary. R&D relief was claimed under both the RDEC and SME schemes.



Over  
**£1.6m**  
refund under SME  
scheme

**£37,000**  
refund under  
RDEC



## Why James Cowper Kreston?

**First and foremost, we are experts at what we do.**

Many members of our team have relevant scientific or technological degrees, yet as chartered accountants and tax advisers we work with innovative companies on their wider financial and tax matters throughout their lifecycle, not just R&D tax relief. This approach, which sets us apart from a number of our competitors, enables us to see the benefits of the relief in a wider commercial and accounting context.

For R&D claims, we are also supported by subject specialists in particular sectors, should we need them.

Our firm also attends the Research and Development Consultative Committee (RDCC) biannual meetings with HMRC and R&D specialists.

## Approach to fees

We will give you a fee quote for the level of work that you require us to do. We aim to be competitive. In certain circumstances, we are also able to offer contingent fees for R&D tax relief claims if you require us to do so.

## Professional standards

As members of the Institute of Chartered Accountants of England and Wales and the Chartered Institute of Taxation we operate under strict standards of professional conduct. We follow the principles of Professional Conduct in Relation to Taxation. This sets out the high ethical standards which form the core of the tripartite relationship between tax adviser, client and HMRC.

## Other incentives and reliefs for innovation

We also help companies enter the **Patent Box** – a reduced rate of corporation tax for profits derived from the ownership of UK or European patents. If your R&D has led to patents and profitable income streams, then you should be considering this relief.

Please contact us on  
**[RD@jamescowper.co.uk](mailto:RD@jamescowper.co.uk)**  
to start a conversation.



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## Contact us

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