

# Technology Matters

Guiding you to lifelong prosperity

## Government 'subsidy' for product development - with no strings attached

If we told you that there is a valuable Government subsidy that:

- **they actively encourage you to claim;**
- **can deliver a substantial cash injection;**
- **has 'no strings' on how you spend it;**
- **is not difficult to claim if you know how; and**
- **can pay out within a matter of weeks,**

you may not believe it. In which case your company would probably join the large number that are potentially missing out!

Meanwhile, companies that have investigated this are often reaping substantial financial benefits. They realise that 'Research and Development' (R&D) tax relief can be claimed for a much wider range of activities than the name suggests.

### What is it?

Despite its name, R&D tax relief is not intended to subsidise 'blue skies' research as many people incorrectly assume. It is

actually a means of helping companies in a commercial context, by giving a financial reward for technical development that seeks to deliver substantially improved products, processes, devices, materials and/or services.

Potential claimants are therefore very diverse. We have prepared claims not just for high technology companies in software, aerospace, defence, automotive etc but also more 'traditional' manufacturing and engineering companies.

Some key features:

- All companies, large and small, can claim the tax relief if they undertake work that qualifies.
- Small and medium-sized companies can benefit even if they are loss-making - they can surrender the R&D tax losses for cash.
- Development projects can qualify for a claim even if they are funded or subsidised.
- The development does not need to be successful - abortive or failed projects can be included in the claim.

### What is it worth?

The additional tax relief can effectively deliver a subsidy of:

- 20% to 27.5% of qualifying costs for small and medium-sized companies; or
- 7.8% of qualifying costs for large companies in most cases.

Small and medium-sized companies reporting tax losses can 'cash in' their R&D tax losses for a repayment of PAYE and National Insurance Contributions previously paid.

*Continued overleaf..*



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A loss-making company with £10,000 of qualifying R&D expenditure could effectively claim a cash repayment of £2,500.

Many companies with less than 500 employees now qualify for the more advantageous tax breaks for small and medium-sized companies.

Unlike many grants and subsidies, the tax saving / cash repayment arising from the R&D tax relief does not need to be allocated against specific expenditure. The company is free to spend it however it likes - no strings attached.

### Hazlewoods' R&D tax team

Hazlewoods' R&D tax specialists have a wealth of experience in preparing R&D tax relief claims and can make the process quick and painless.

With the benefit of our knowledge and experience, most claims that we prepare are processed quickly by HM Revenue & Customs and repayments made within a matter of weeks.

### How we can help...

- Free initial consultation to explore whether the company could benefit from a claim.
- Identifying qualifying projects.
- Identifying and collating qualifying costs.
- Preparing and negotiating the claim.
- Advising improvements to systems to help with future claims.

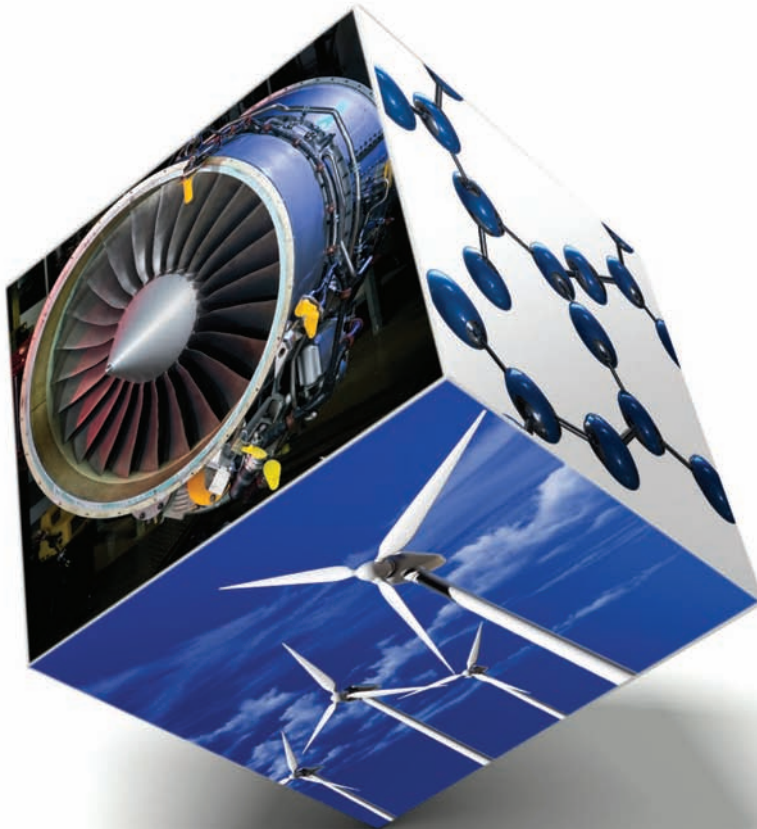
For further details, or to arrange a free initial discussion, please contact Paul Fussell or David Clift in our Gloucester office on 01452 634800.



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