

## The R&D Tax Credit Scheme

R&D tax credits form a key part of Government strategy to boost innovation in business, reducing the real cost of investment in improving products and processes. The scheme remains one of the largest single Government funding mechanisms available for business.

90% of the companies we meet qualify for the scheme

£2.45bn was given back to UK companies in 2014/15, over £14bn since the scheme inception in 2000/01. Over 22,445 companies benefited in 2014/15, however many more companies potentially qualify.

## The 11% Research & Development Expenditure Credit (RDEC) scheme

Introduced 1st April 2013. The RDEC regime, opens up a valuable source of income to large companies who under the original super deduction scheme could only claim relief for R&D in the form of a deduction against taxable profits.

£16bn remains unclaimed by business

Directly benefits a company's financial account at Earnings before Interest and Tax (EBIT) level as the 11% R&D expenditure credit is a straightforward subsidy against the level of spend an individual company or strategic business unit (SBU) invests in its R&D activities. Generating a visible, enhanced business income for an individual company or SBU.

For the R&D scheme, Large Companies are classified as those with a total global and/or linked companies, headcount of over 500 employees and exceed at least one of the following; a turnover of more than €100 million per annum or gross assets of more than €86 million.

The RDEC is given as a taxable credit on qualifying R&D spend which can be used to reduce corporation tax liability or if no liability exists, repaid in cash.

## The Business Advantages of the 11% RDEC Scheme

The RDEC scheme directly benefits a company's financial account at Earnings before Interest and Tax (EBIT) level.

**By moving the R&D benefit from the tax line in a company's accounts to operating profit creates a visible, enhanced business income for the company.**

**It is a straightforward subsidy against the level of spend that an individual holding or subsidiary company invests in its R&D activities.**

**The £ cash claim benefit is realised and reflected within an individual company's accounts.**

**The ability to claim back two historic financial years could significantly improve EBIT results.**

## In addition to increasing EBIT, the RDEC delivers additional business benefits

- R&D teams will be able to recognise the value of the cash incentive in their budgets.
- Cost savings on future projects can be planned in advance.
- The opportunity for aligned staff performance pay objectives.
- Loss-making large companies can also benefit by way of an immediate net of tax cash credit.

**The 11% RDEC moves the focal point of making a claim away from a tax accounting exercise to a claim maximising, technologist based activity.**

## How the RDEC can increase a company's EBIT:

	No R&D Tax Relief	RDEC Profitable Company	RDEC Loss-making Company
Turnover	10,000,000	10,000,000	6,000,000
R&D Expenditure	(1,000,000)	(1,000,000)	(1,000,000)
RDEC (11% of R&D expenditure)		110,000	110,000
Other Allowable Expenditure	(8,000,000)	(8,000,000)	(8,000,000)
EBIT	1,000,000	1,110,000	(2,890,000)
Tax Computation:			
Taxable Profits / (Losses)	1,000,000	1,110,000	(2,890,000)
Corporation Tax at 20%	200,000	222,000	Nil
Less RDEC		(110,000)	
Corporation Tax Payable	200,000	112,000	Nil
Tax Saving / Losses Carried Forward		88,000	(2,890,000)
RDEC Claim: Cash Payable to Company			88,000
Corporation Tax Withheld			22,000

## Claim Management Service

As R&D Scheme specialists GGTC is structured to deliver a seamless through the line claim management service to our clients.

- We establish the right project start and finish dates.
- Include full project team members, together with direct and qualifying indirect personnel in the claim.
- Capture qualifying equipment, materials and utilities costs.
- Deploy a dedicated team of Technical Analysts, experienced in your industry/sector.
- Tax computation are conducted by qualified tax accountants, trained in the R&D scheme.
- Claims are effectively coordinated and seamlessly communicated internally and externally.
- We work with your accountant to compile and if required, submit your R&D tax credit claim.
- We have an excellent relationship with HMRC and effectively resolve queries.
- Adopt a compliant project tracking and reporting process.
- Help you identify and plan future claim opportunities.

GGTC makes the difference.....we do the work and maximise your claim benefit