

Could You Be Getting A Subsidy from HMRC For Your Research and Development?

HMRC think that this tax credit is widely under-claimed, especially by small businesses!

Let me explain. If I want a proverbial tin of baked beans, I can probably buy one from Tesco and the can I buy will be exactly the same as the previous million cans produced by that manufacturer. Not much R and D going on there. But if I am a new manufacturer and want an innovative packaging solution for my beans, I might well ask a manufacturer on Rackheath Industrial Estate.

The problem for small companies is that their day to day business is solving problems for customers who can't find an off-the-shelf solution. Designing a solution, using a lifetime of experience is hardly R and D, but what about building a prototype, testing the prototype, tweaking the design, building the second prototype, testing the second prototype, visiting the customer premises to beta test the new machine (or product), back to the drawing board and so on. This is so much the norm for many small businesses that they take it for granted, but this is also the very essence of Research and Development and many of those activities can result in a generous tax credit. £10,000 spent on R and D becomes £23,000 cost in the tax computation, which mean there is either £2,470 less corporation tax to pay or a £1,885 cash rebate.

This year we have helped the following small Norfolk Businesses

- Two mushroom farms with projects to improve the productivity of mushroom growing
- One packaging supplier with improved packaging for fragile content
- One packaging machine manufacturer with new capabilities (including better handling of compostable film)
- One baker with the development of sugar free confectionery
- One industrial testing business with creation of new testing rigs.

Our standard fee for an R and D project is 25% of the tax saved.

You might wonder what is in it for the government? The answer is that an economy made up of businesses committed to systematic innovation and development is more likely to be internationally competitive and successful, and thus generate bigger tax revenues in the longer run. And my experience is that working with the businesses above has made them more conscious of the costs and benefits of R and D, and more systematic in their approach.

So, at no cost and no risk to yourselves why not give us a call and see if your Research and Development work can qualify for help from the government.



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