



by *Phil Needham*

## September Update

### Our Approach to R and D Claims

Can we save you £30,000 in corporation tax?

I wrote to Gordon Brown many years ago suggesting an R and D tax credits scheme. I received a fairly standard fobbing-off reply and a couple of years later the R and D tax credits scheme came in. I don't know if my letter influenced the birth of the scheme in any way, but I have always thought of it as my baby to some extent. I have therefore always detested the industry that has grown up submitting R and D claims that are little better than scams.

Hornbeam prepare and submit a number of R and D claims every year. The truth is that many clients do R and D without even realising it. The idea behind the scheme is to get UK businesses to take R and D more seriously, and thus to drive innovation and productivity gains. This works quite well if companies come to look for opportunities to make claims, to record their activities and the related expenditures more carefully, and generally become more professional in their R and D.

Our view is that the project must be properly drawn up, costs must realistic and justifiable, clients should get better at identifying and recording these, and the claim should be aligned to treasury objectives. That said we have had some significant successes finding clients who have been customising (Researching) improvements to equipment and processes that have not only increased their own efficiency (crucial in this very competitive world) but also have allowed us to make some pretty substantial R and D tax credit claims, wiping out £30,000 corporation tax liabilities and/or obtaining some useful cash payments.

### The Accountant's Accountant

Some firms of accountants are strong in supporting Medical Practices, or Farms, or Pubs.

One of our strengths is in supporting other Accountants.

In September we did a Solicitors Accounts Rules Audit as subcontractors for an Accountant in Lancashire, we helped an Accountant in Yorkshire get tax clearance to restructure his practice so that he can sell the accountancy business whilst retaining the property, tax efficiently.

We put in a tax return for a British Virgin Islands company that owns a UK property portfolio, owned in turn by a non-resident Accountant.

Each year we do several sets of Ltd Company Accounts and Corporation Tax Returns for Chartered Accountants who are management consultants. Each month we do payrolls for several firms of Accountants, and Lynda is about to start work on a payroll consultancy for a national firm. We do about 20 business valuations per year that are referrals from other firms of accountants.

In truth it is not a major part of our business, but I think we are rightfully proud when other accountants choose Hornbeam as their Accountants.



**Hornbeam Accountancy Services Limited** Bidwell Road Rackheath Industrial Estate Norwich NR13 6PT

Whether you are a client or not, if we can provide further help or advice concerning any of the matters covered here, please do not hesitate to telephone us on (01603) 720424 or email [info@hornbeam-accountancy.co.uk](mailto:info@hornbeam-accountancy.co.uk)

**Disclaimer** Most of the information contained in this Hornbeam Highlights is of necessity greatly oversimplified. We are trying to bring to your attention tax planning and business management opportunities. However, you should not take action based upon this leaflet without obtaining specific professional advice.