**R&D TAX RELIEF**

This is a Government Initiative set up in the year 2000 which will reward Limited Companies that are deemed to be making an appreciable improvement to their industry.

Companies undertaking R&D activity will be entitled to claim back up to 33.4% of their costs incurred however, the costs have to have been directly associated with the R&D projects and reflect in the UK Company's account.

HMRC will allow you to claim back for staff salaries, director salaries (the bulk of entitlement), consumables, equipment, sub-contractor costs, any travel costs and utilities as long as they have been directly related to the projects.

Unfortunately, we can only claim back retrospectively for the previous two accountable periods and therefore if you haven’t already claimed, you may have already missed out on thousands since 2000.

**Here are some examples of activities which may qualify under this Government Initiative:**

* Development of a new process or improved an existing process which has made an appreciable improvement.
* Development of a new product or improved an existing product that has made an appreciable improvement.
* Tried to advance on the baseline product or technology within your industry.
* Tried to overcome technological uncertainties or overcome an array of challenges within the project/s.
* Software development where you have encountered challenges and technical uncertainties.
* Technical advancements made which has increased the overall knowledge or capability in a field of Science or Technology.
* Failed/shelved projects will qualify.

**Costs that occur with the above qualifying activities are known as qualifying research expenses. Three types of expenses can be claimed.**

* Salaries for the employees that are directly involved in qualifying research activities and first level research supervision
* Supplies for developing prototypes
* Consumables and any equipment
* The cost of third party contract research and development