

NEWTONS

Chartered Certified Accountants, Chartered Tax Advisers
and R&D tax relief specialists



WHY WE ARE DIFFERENT

Our R&D team are all qualified Chartered Tax Advisers and is headed up by Chris Newton who is a member of the HMRC R&D Consultative Committee.

Most of our R&D clients had previously made claims for R&D tax relief but appointed us to review and maximise the benefit to them.

We have also significantly helped our clients with the interaction of R&D tax relief with

other financial aspects, eg interaction with grants, profit extraction routes, other tax reliefs and overall business strategy.

No two R&D claims are the same, which is why a regular review of the R&D activities is essential to provide the maximum benefit to you.

We don't just deal with the historical claim, we also help to enhance the future benefits for you.

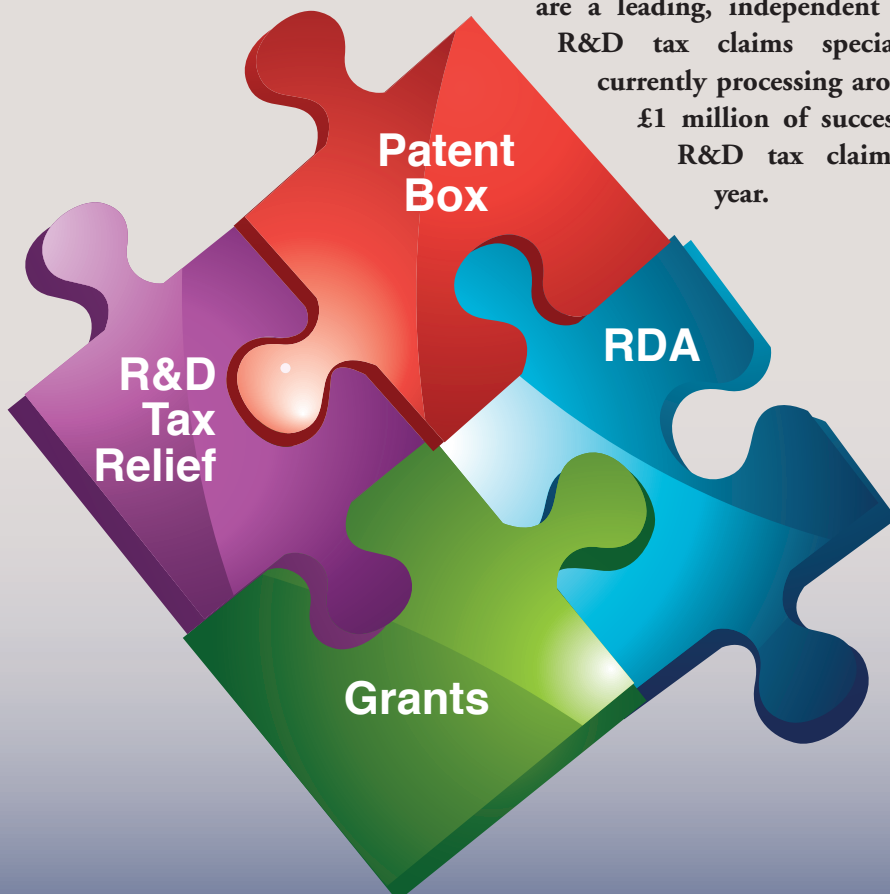
UNLEASH NEW RESOURCES TO HELP YOUR BUSINESS GROW

Don't just sit there! There are new opportunities to extract funding to support your Research & Development (R&D) activities and help your business grow. Does your company qualify for some stunning benefits? Let us help you find out. We are a leading, independent UK R&D tax claims specialist, currently processing around £1 million of successful R&D tax claims a year.

There are now four key pieces to the R&D funding jigsaw.

- **R&D tax relief** rules now allow up to 230% tax relief on qualifying costs.
- The corporation tax rate is cut for profits from sales on which you hold a **patent** on relevant products or software.
- **Research and Development Allowances** are capital allowances offering up to 100% on assets used for qualifying R&D activities. This includes property and plant.
- **R&D tax relief** can be paid to you even if you have not paid corporation tax.

With our skills, experience and track record of assisting growing companies we're well placed to advise you on the various tax reliefs and certain grant funding. Navigating these opportunities can be tricky but we're here to guide qualifying companies to allow them to extract the maximum benefit. There are pitfalls and certain grants will lead to R&D tax relief not being available. While certain costs may benefit from up to 230% tax relief, some others will only benefit from less than half the relief.



RESEARCH AND DEVELOPMENT TAX RELIEF

WHO DO WE HELP?

R&D can be a very broad term. If you've needed to develop a process, or a product, to make it cheaper, lighter, faster, greener, smarter or smaller etc., and you have funded this development yourself, either through time or money or both, then we need to talk.

R&D tax relief provides companies with up to 230% tax relief on R&D costs - even if they DON'T pay corporation tax!

We've helped a wide variety of organisations, engineering and manufacturing businesses, software developers and medical companies, and have successfully processed R&D tax claims for large companies such as Norton Motorcycles and Chalice Medical, and smaller start-up and growing businesses.

HOW WE CAN HELP YOU?

Working closely with our clients we regularly make successful R&D tax claims from HMRC which average over £30,000. Often, many clients aren't even aware that they would qualify for these resources. R&D tax claims are frequently overlooked by general practice accountants, but we, as specialist, independent R&D tax consultants, can act quickly to process any valid tax refund claim as a stand-alone tax claim without treading on your current accountant's toes. Claims can be made for up to two prior years and there are strict time limits on claims. Act now!

EXAMPLE

For a company with £100,000 of annual qualifying costs the tax saving can range from £26,000 to £46,000 pa depending on the particular financial circumstances of the company. Claims can be made for up to two past years and so including the current year up to three years' savings can be obtained in a relatively short time.

PATENT BOX

This new system provides a lower rate of corporation tax on profits which have arisen from sales that include an element on which a patent is held. The patent can be restricted to being a UK patent only, making it far easier and cheaper to obtain.

For example, if a motor manufacturer sells a new car for £50,000 and that vehicle contains a part worth £1,000 on which the manufacturer holds a valid patent then **THE WHOLE** of the profit from the £50,000 sale benefits from the reduced rate of corporation tax.

Unlike R&D tax relief, Patent Box relief does need to be applied for in advance through an election. Great care is needed with this process. For example, if the company incurred a loss from the sales, then those losses may not be available to be offset against other profitable areas and the company could be worse off.

Companies that benefit from both R&D tax reliefs and Patent Box need to be aware that whilst some costs will benefit from up to 230% tax relief under R&D tax reliefs in the pre-production period, as the profits and costs under Patent Box will reduce down to only a 10% tax liability, the expenses connected with the post-production period may then only qualify for a reduced rate of corporation tax relief of as little as 10%.

Companies can obtain patents, and so obtain the tax benefits, on items including physical products and certain software.

RESEARCH AND DEVELOPMENT CAPITAL ALLOWANCES

The two prime benefits of Research & Development Allowances are tax relief on certain assets that would not normally qualify for capital allowances and an increased rate of capital allowance.

For example, a 100% capital allowance is available on property that is occupied for research and development. That relief is retained even if the use of the property

is changed so that R&D activities are no longer carried out in it. However, a disposal will trigger a claw-back of the relief.

100% capital allowances are also available on plant that is used for research and development activities, in addition to the normal annual investment allowance limit.

GRANTS AND OTHER FUNDING

Different types of grants may well have different tax implications. Understanding the interaction between grants and R&D tax is important as certain grants can restrict the amount of the claim.

It is important for the company to realise the potential restriction in the R&D claim at an early stage and we can provide advice in advance of the grant application if required.

WHAT OUR CLIENTS SAY

CHALICE MEDICAL

“Chalice Medical is involved with manufacturing a new product for the cardiac surgery and ECMO market and has very close links with the world’s largest ECMO centre at Glenfield Hospital in Leicestershire. Chris Newton, who is our accountant and auditor, had recognised that the new project we were working on was

suitable for an R&D tax relief claim. We are very grateful to him for his advice and assistance with this, especially considering the very substantial saving that this is providing.”

**Philip Bousfield, managing director,
Chalice Medical
Nottinghamshire**

SCIVISUM

“SciVisum are market-leaders in UK website testing. We deliver performance measurement and improvements to the UK’s biggest brand names’ business-critical eCommerce systems through the constantly improving software and intuitive portals. Although we are a small company it’s our leading edge software technology that gets the attention of the blue-chips. A key feature in our decision to appoint Newtons as our accountants and tax advisers was

their ability to advise on R&D tax relief - cutting through the jargon and explaining the complexities! We have been delighted with their R&D tax support as well as their general practice accountancy skills.”

**Deri Jones, managing director,
SciVisum
Kent**

CASE STUDY: NORTON MOTORCYCLES WIN A £200,000 R&D TAX REBATE



Norton Motorcycles UK Ltd called on our specialist advice to help them take advantage of the HMRC Research and Development relief for corporation tax.

With our knowledge and skill in helping companies claim this tax relief we shaped the company's tax claim to HMRC for the £1.2m worth of research and development work on the 961 Commando platform and helped the company gain a sizeable tax rebate.

Norton's Stuart Garner says: "We worked together over a number of months to complete the claim. In order to expedite this process, we produced information covering all aspects of the R&D work

carried out during this time. This included all work implemented by our team of designers and purchasers, starting with the Euro 3 Homologation and progressing to professional prototypes and manufacturing to high quality levels. All aspects were considered and used from R&D in both Design and Development Engineering, coupled with the establishment of our in house engine assembly. As the process came to its conclusion we had a very valid case, which needed to be detailed and specific on the reason, description and duration of all costs involved."

Chris Newton of Newtons Accountants Ltd says: "The tax rebate of nearly £200,000 has provided a real boost for Norton and results from our strategy towards R&D relief work: identifying the validity of an R&D tax relief claim; utilising the services of specialist technical consultants when appropriate; ensuring that the maximum allowable benefits are claimed.

"A huge number of companies are still failing to claim this extremely valuable cash boost to their business through the tax system. Even companies who don't pay corporation tax can claim tax relief.

"In our experience, the tax definition of R&D is misunderstood by many accountants working in both large and small accountancy practices. We believe we are one of only a relatively small number of practices throughout the country which fully comprehends and can advise on this area and, accordingly, obtain the best value for clients.

CALL NEWTONS TODAY

If you would like to discuss how we may be able to help you then we offer a FREE one hour consultation at your premises, and if you qualify, we take our fee from any refund we process, so there are no extra costs for you.

Call us on **0115 9609955** or email **chris@newtax.co.uk**

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