

R&D tax credits guide



Contents

- 02** What are R&D tax credits?
- 03** Who is eligible?
- 04** How much can be claimed?
- 05** Claiming the tax relief



What are R&D tax credits?

Research and development (R&D) tax credits are a type of tax relief which UK companies can claim against money they spend on innovation.



Who is eligible?

Any company which spends money on developing new and innovative products or services, or enhancing existing ones, may be eligible. You might even be able to claim if the project fails to achieve what it sets out to do.

The range of projects that this could include spans just about every industry, but as a general rule it's classed as qualifying activity if your company is taking a risk by attempting to resolve scientific or technological uncertainties.

What costs can I claim R&D tax relief on?

The nature of R&D work makes each project fairly unique, but eligible costs might include:

- ✓ Staff wages, and associated costs such as employer contributions
- ✓ Additional staffing costs such as contractors and freelancers
- ✓ Software designed especially for use with this project
- ✓ Consumables such as heating and electricity



How much can I claim through R&D?

Changes to the R&D scheme mean that your claim partly depends on the accounting period it takes place in.

R&D claims for accounting periods beginning before 1st April 2024

There are two types of R&D tax relief scheme in this category, and your claim depends on which of these your company belongs to.

- ✓ The SME scheme
- ✓ The Research and Development Expenditure Credit (RDEC) scheme

The SME R&D tax relief scheme is for smaller businesses which employ fewer than 500 people, and have either a balance sheet of less than €86 million or annual turnover below €100 million. If you don't meet these criteria, you might be able to claim RDEC relief instead.

The rates that you can claim are usually updated at the start of each new tax year, and we update this information in our blog about [R&D Tax Relief for Businesses](#).



R&D claims for accounting periods beginning **after 1st April 2024**

The SME and RDEC schemes are replaced by a new merged scheme for accounting periods beginning on or after 1st April 2024.

Companies which make a loss can also apply for enhanced R&D intensive support.

Learn more in our blog [R&D Tax Relief for Businesses](#).

How do I claim R&D tax relief?

If this is your first R&D tax relief claim, or if it's been more than 3 years since the last one, you'll need to use HMRC's online pre-notification service. The deadline to submit a Claim Notification is 6 months following the end of the accounting period it relates to.

You should enter the details of any qualifying expenditure as part of your [Company Tax Return](#).



Looking for more help with your finances?

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