

Tax and Accounting resource: R&D update April 23.



In brief:

Existing R&D Claimants - Additional form required from August 23.

Did you know that for all R&D claims submitted from 1 August 2023 it will be necessary to submit an additional information form before submitting the claim on the tax return? If the form is not submitted before the company's tax return HMRC will remove the claim from the return.

The form requires some basic information about the company such as UTR, PAYE reference, accounting period, and a breakdown of the R&D costs. Businesses will also have to nominate a senior officer who is responsible for the R&D claim and whose details will have to be included on the form.

Latest R&D changes

Supporting Project Information:

This change is likely to have a big impact on businesses preparing claims inhouse and who currently aren't documenting their projects in detail as HMRC have set out guidance on the number of projects required to be documented and the information they submitted in support of these which is likely to lead to additional effort:

- 1-3 projects – 100% of qualifying expenditure needs to be documented
- 4-10 projects – projects that account for at least 50% of the qualifying expenditure need to be documented, with a minimum of 3 projects described
- 11-100 projects – projects that account for at least 50% of the qualifying expenditure need to be documented, with a minimum of 3 projects described, or the 10 largest where qualifying expenditure is split across multiple smaller projects

This requires businesses to be able to allocate costs on a project basis to work out the level of documentation and provide the project costs to HMRC. Many businesses currently prepare their claims based on allocating R&D percentages to staff and don't track costs at a project level at all so should start to think now about how they might capture costs at a project level.

HMRC have also set out the information they want included in the project documentation under the following 5 headings:

1. What is the main field of science or technology
2. What was the baseline level of science or technology that the company planned to advance
3. What advance in that scientific or technological knowledge did the company aim to achieve
4. The scientific or technological uncertainties that the company faced
5. How did your project seek to overcome these uncertainties

Whilst these changes are applicable to claims submitted from 1 August, we are working with our clients now to ensure they are ready for these changes and that their claims are compliant.

HMRC have released the full details of what needs to be included here: www.gov.uk/guidance/submit-detailed-information-before-you-claim-research-and-development-rd-tax-relief

Claim Notification form 6-month deadline introduced:

Another key change is the introduction of a claim notification form – businesses wanting to make R&D claims for accounting periods beginning on or after 1 April 2023 must notify HMRC in the following circumstances:

- Where a company is making their first R&D claim
- If they have claimed R&D in the previous tax year but the claim wasn't submitted until after the last date of the claim notification period (i.e., 6 months after the end of the period of account)
- The company's last claim was made more than 3 years before the last date of the claim notification period

The latest the claim notification form can be submitted is 6 months after the end of the period of account that the claim relates to – if the form is not submitted by this deadline the R&D claim will not be valid.

There is less information to be submitted on the claim notification form, but it still requires the company to name the senior officer responsible for the R&D claim, details of any agent used and a summary of the planned R&D activities showing how they meet the definition of R&D. The guidance on what is needed is here: www.gov.uk/guidance/tell-hmrc-that-youre-planning-to-claim-research-and-development-rd-tax-relief



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What next?

Much like submitting a tax return, or your annual company accounts – we have the brain power and resource to ensure your forms are completed accurately and filed within the deadline. We can remove the headache and ensure you have the best chance of making a successful claim.

Talk to us today to find out more.

How can Wilson Partners help?

Capturing costs at a project level might sound somewhat overwhelming, but with the right process in place it can be greatly simplified and ease the R&D process. We can help you capture time and costs on a project basis for each project meaning that when it comes to submitting your claim, a large chunk of the work will already be done. We also find that this can help to increase the overall claim size as work and costs are captured in real time meaning development activity is not forgotten about when trying to remember what you were doing a year ago!

With what feels like an ever-changing landscape for R&D claims, using an experienced R&D advisor to help with your R&D claim could well be the difference between receiving the funding you need to continue your work. At Wilson Partners, our R&D tax team is powerful, knowledgeable and experienced in submitting successful claims. We can set up real time reporting on a project basis, ensuring that the lion's share of the work is done by the time it comes to preparing your claim. We will also ensure that all deadlines are hit with robust claims that should withstand even the toughest scrutiny.

Contact [Emma Richards](#) to find out more.