



# Food and Drink sector

## R&D tax relief



Companies conducting qualifying development work can claim government-backed tax reliefs of up to a third of the associated costs.



## Rewarding innovation R&D tax relief

As a firm we are seeing increasing numbers of our food and drink sector clients embracing technological advancements and seeking out scientific and technical improvements – making these reliefs particularly relevant.

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### What is eligible R&D?

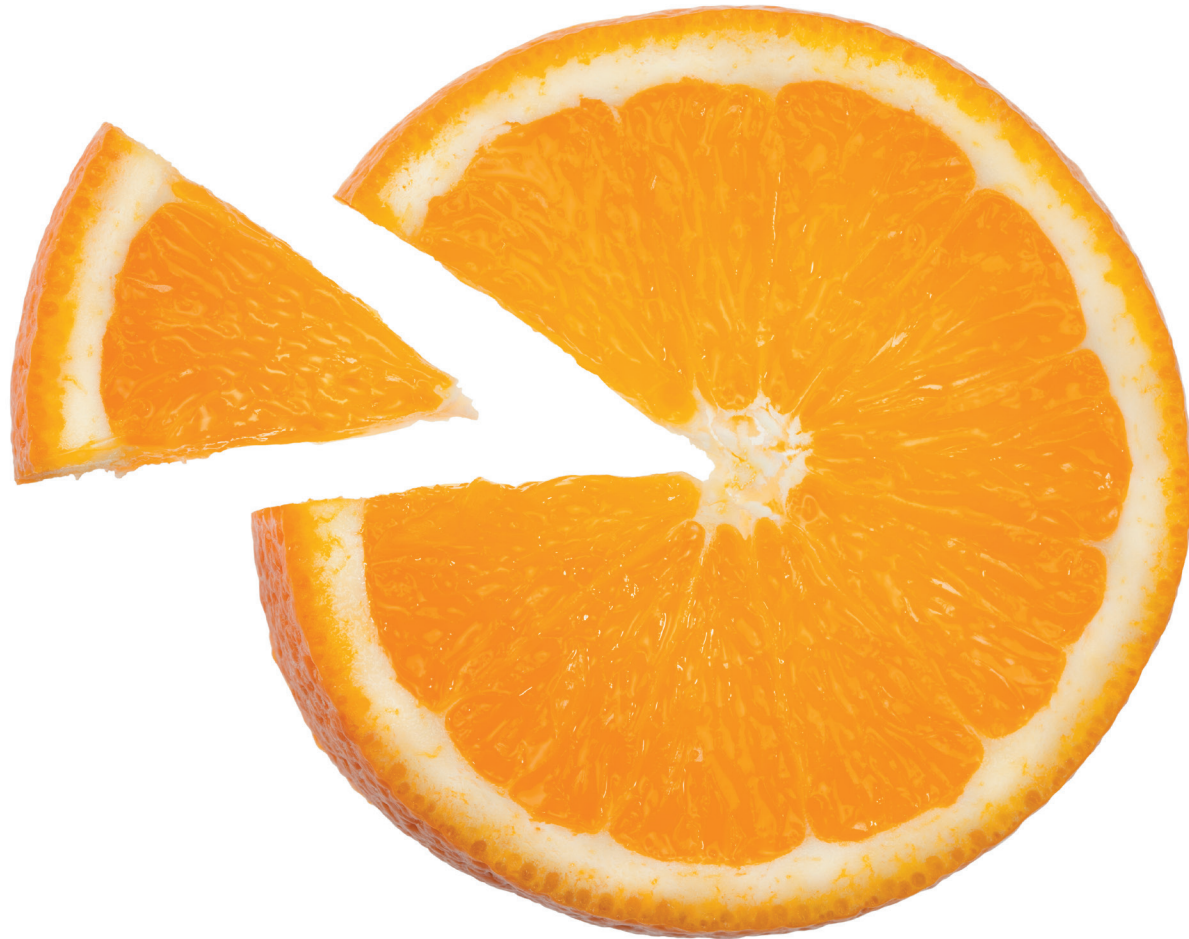
The definition of R&D is much broader in scope than you might think and can include any work that seeks to improve or create a process, material, device, product or service through the resolution of technological uncertainty the solution to which was not readily deducible to a competent professional working in the field.

Whether the project achieves its objective or not does not matter and any field of science or technology may be the focus of an R&D project. The following are just some example areas within the food and drink sector that could qualify:

- *Eliminate allergens and additives*
- *Improve shelf life*
- *Adapting for dietary requirements*
- *Production issues through seasonal variability*
- *Filtration systems*
- *New product*
- *New raw materials*
- *Increase production*
- *Reduction of salt, sugar, fat content*
- *New ingredient formulation*
- *Nutritional improvements*
- *Growing techniques*
- *Harvesting techniques*
- *Process waste reduction*
- *Taste and texture improvements*
- *Waste issues*
- *New packaging*







## How does it work?

Once eligible activities have been identified, a company may look back to the last two accounting periods for the associated qualifying R&D spend on permanent and temporary staff costs, materials used (including utilities), subcontractors and software licences.

Relief is then claimed under one of two schemes - the SME scheme (broadly for those with fewer than 500 employees) is the more generous but comes with complex conditions. Relief is claimed in the company tax return and is given by way of a reduced tax liability of up to a quarter of the qualifying spend. If the company has current year losses it may claim a payable cash credit of up to a third of the qualifying spend.



Large companies claim a Research and Development Expenditure Credit (RDEC) calculated as 13% of qualifying R&D spend (c.10% net of tax) and recorded as income in the profit and loss account. Capital expenditure is not eligible for relief under the above described schemes but can instead attract Research and Development Allowances (RDAs) which provide an accelerated 100% deduction from taxable profits.

There are rules around claiming state aid (government grants etc.) under the SME scheme which may mean that a company, whilst small, may only be eligible for the RDEC scheme. Our team will be able to advise on this.



# How we can help

## Gathering information

- We will determine which of the two schemes apply
- We will either visit you at your premises or have a call to further understand the business, determine potential projects and qualifying activities
- We will then assist you in gathering the financial information we require to produce the financial side of the claim

## Identifying costs

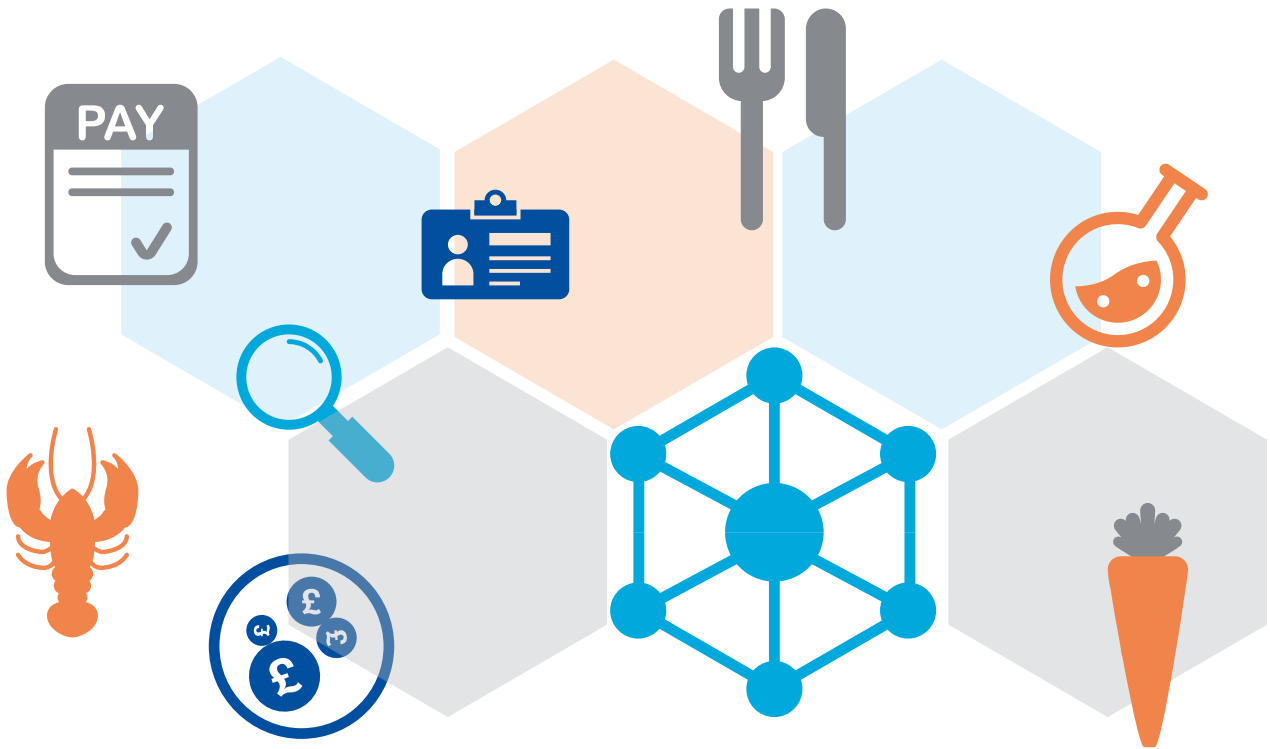
- We will ensure that the claim includes all applicable costs in order to maximise the claim
- We will produce a first draft of the report and the figures and share these with you for your approval and comment

## Processing the claim

- We will work with your tax adviser to assist with the preparation of the tax computations and submission of the claim
- We will support you fully in the event of a query from HMRC

## Transparent fee - we will agree a fee structure with you that reflects your circumstances

- A fixed fee quote, where it is reasonably clear that a R&D claim can be made
- A contingent fee based on the amount of tax benefit secured where the claim is less clear and requires considerably more time investment on our part to determine the existence and amount of the claim





## We're here to help

**For more information on how our  
expert team could help develop  
your business, please contact:**



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