



ABOUT THIS SECTOR

As UK property and construction moves towards modernisation, companies are investing heavily in technologies to deliver greener, safer and cost-efficient projects. Much of the R&D in the sector is, however, unknowingly undertaken by the teams as part of their daily activities, for example, in resolving challenges resulting from:

- difficult site conditions;
- stringent customer requirements, e.g for products that meet very high safety standards, in some instances, beyond what is already available in the market;
- increased regulations such as for fire and safety, etc.

Generous tax incentives are available through the R&D Tax incentive schemes, to companies innovating through science or technology. The rates of benefit vary according to the size of the company/group; For companies with no tax liabilities to pay, **these benefits are available in cash.**

What qualifies as R&D eligible activities?

The tax definition of 'R&D' is much broader than most people believe to be.

Example activities could include:

The development of new or improved products or construction techniques such as:

- enhancing product compositions and production processes to incorporate alternative raw materials;
- resolving challenges imposed by environmental, site and building restrictions where the use of standard construction techniques may not be appropriate;
- resolving challenges around ground contamination and remediation;
- resolving challenges faced around the fabrication and integration of various system components;
- the development of sophisticated techniques to integrate modern materials with legacy structures;
- the development of systems to meet health and safety requirements;
- activities involving testing, prototyping to prove concept viability;
- the development of construction tools around AI, 3D printing, design anomaly detection, etc.
- resolving complexities arising from the use of BIM and its integration with other design software, to develop a single BIM model for the project, etc.

Broadly speaking, if the experts in your team are faced with challenges they are unable to readily resolve after leveraging on information available in the public domain, there are high chances that these activities will qualify for R&D tax incentives.



HOW MUCH CAN I CLAIM?

- Small and Medium sized entities (SMEs) can claim a super deduction of 130% (86% from 1 April 2023) on qualifying R&D costs. This delivers a benefit of **24.7%** (**16.34%-21.5%** from 1 April 2023) for offset against the company's tax liabilities or up to **33.35%** (**18.6%** from 1 April 2023) of these costs, as a cash credit where there is no tax to pay/loss making companies. The receivable credit is subject to a cap.
- For large companies a taxable credit of **13%** (**20%** from 1 April 2023) on qualifying development costs can be claimed. A cash credit is available for companies with no tax to pay (also subject to a cap).
- There is a separate scheme for **capital expenditure**, whereby R&D Allowances (RDAs) at the rate of **100%** can be claimed for assets used in R&D or for providing facilities for undertaking R&D.



DO YOU QUALIFY FOR CLAIMING?

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