



R&D TAX RELIEF IS CHANGING:

IS YOUR BUSINESS READY FOR PRE-NOTIFICATION?

Don't get caught out by the upcoming research and development (R&D) Tax Relief legislation changes, or you might lose out on the chance of claiming essential financial relief through R&D Tax Credits.

WHAT IS PRE-NOTIFICATION?

From 1 April 2023, new rules for R&D Tax Relief claims will require businesses to submit a pre-notification of their claim to HMRC digitally.

This applies if a business:

- ✓ Is a new claimant; or
- ✓ Has not claimed in the last three financial periods.

WHO WILL BE AFFECTED BY PRE-NOTIFICATION?

The requirement to pre-notify HMRC will affect any business that conducts research and development if they are eligible to claim under either the R&D Expenditure Credit (RDEC) or the SME R&D relief schemes.

The changes will predominantly affect SMEs, as they are more likely to be first-time claimants of R&D Tax Relief.

WHAT DOES PRE-NOTIFICATION MEAN FOR MY BUSINESS?

In practice, pre-notification brings forward the deadline for businesses making an R&D claim. Therefore, if your company plans to claim R&D Tax Credits, it must inform HMRC within six months of the end of the financial period that you intend to claim for. If you don't apply in time, you'll miss out on being able to claim up to 33% of your R&D costs **even if you're eligible.**

WHAT R&D ACTIVITY IS ELIGIBLE?

Businesses will now have to make a faster judgement on if their research and development activity is eligible for R&D Tax Relief. Eligible R&D projects improve existing products, processes or services or create new ones. You will need to demonstrate how your R&D activity:

- ✓ Looked for a scientific or technical advancement.
- ✓ Overcame a scientific or technical uncertainty (i.e., your solution isn't deducible by a competent professional).
- ✓ Used a systematic approach.

WHAT IF WE'RE NOT SURE IF WE ARE GOING TO CLAIM?

Many businesses hold off on applying for R&D Tax Credits because they're not sure if they're eligible to claim - but companies can no longer afford to wait for too long (otherwise, they'll miss out)!

If you're not sure if you can make an R&D claim, we'd still recommend that you pre-notify HMRC. There's no penalty for changing your mind later, so your business has nothing to lose.

WHY IS THIS CHANGE BEING MADE?

The requirement to pre-notify results from the UK Government's aim to stop the abuse of the R&D Tax Reliefs. HMRC found over £300 million worth of fraudulent claims made by unsavoury companies who were not conducting R&D. As such, legislation is now being toughened up to improve compliance and prevent further abuse.

Unfortunately, these changes will also penalise genuine companies who make most R&D claims.

DON'T GET CAUGHT OUT BY PRE-NOTIFICATION:

LEYTON WILL MAKE YOUR R&D TAX CREDITS CLAIM A SUCCESS

Our consultants simplify access to complex incentives, allowing your business to unlock the full savings available from R&D Tax Relief.

Not only do we have highly qualified tax experts, our technical consultants have field experience across a wide range of software, science and engineering industries. This uniquely allows us to understand and identify all the areas where you can claim R&D Tax Credits.

Remember, it's really important that don't wait too long before submitting your R&D claim! Speak to a specialist today by calling **020 7043 2300** or emailing

uk@leyton.com.

HOW LEYTON CAN HELP YOU WITH YOUR CLAIM

At Leyton, we will review your R&D expenditure and guide you on the eligibility of your R&D activity so that you can submit your claim with confidence of success.

We have a simple and effective process to help your business claim significant tax relief from your R&D projects:

01

INTRODUCTION: Our expert consultancy team will introduce themselves and connect with your key R&D claim stakeholders.

They'll conduct an initial basic R&D eligibility assessment, and both parties will agree on a timeline for delivery.

02

FINANCIAL DISCOVERY: Our team will walk you through the different expenditure categories and gather R&D project expenditure data and financial documentation.

03

TECHNICAL SCOPING: We will conduct a detailed review and discussion of your business' eligible projects and select the key projects(s) for claim substantiation (i.e., writing case studies).

04

CLAIM PACKAGE: We will compile the technical and financial documentation, conduct an internal quality audit, and resolve any outstanding queries.

05

SUBMISSION: Once everything's ready, we'll prepare the final documentation for sign-off and get agreement on your tax benefit options. Finally, we'll guide and support you through your submission.

ARE YOU READY TO CLAIM DIGITALLY?

The new rules mean that your R&D Tax Relief claim must be submitted to HMRC digitally. Our innovative app **LEYTON FOR ME** will help you make the switch to digital by allowing you to prepare your R&D claim online, securely, supported and compliant.

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