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**Are you maximising your
R&D tax credit claims?**

Let's find out

Question one

Are you claiming for development work related to your IT architecture?

You're on track to preparing claims at the maximum potential

As you're aware, the R&D guidelines do not make any distinction between internal R&D or product R&D, so both can be claimed. Be sure to also include any IT architecture development where you worked with external consultants. Even with external support, you're eligible to claim for this work as an SME because your company managed and paid for the development.

Next question

You could be missing out on some added benefit

Companies often carry out development of their internal software to manage their business operations or provide an interface to customers such as an ecommerce platform. You may have missed this out of your R&D tax credit claims because external consultants assisted with the development or the development is not related to IP that will be sold or used by someone external. However, as your company has managed and directed the development work, this activity can be included in your SME R&D tax credit claim if the work meets the definition of an eligible project. The R&D guidelines do not make any distinction between internal R&D or product R&D, so both are eligible.

[Next question](#)

Question two

Are you claiming for work related to off-the-shelf software?

You're on track to preparing claims at the maximum potential

You're right to include this activity in your claims, as long as the development activity is seeking to increase the capabilities of the off-the-shelf package or overcoming limitations with the out of the box performance of this software solution. To be sure that you continue to include the correct activity in your R&D reports, you should double check that you fully understand the new HMRC software guidelines.

[Next question](#)

You could be missing out on some added benefit

You may have overlooked this work because buying something off-the-shelf doesn't exactly sound like the resolution of technological or scientific uncertainty. However, if you have identified gaps in the capabilities or performance of the base platform then any development activity is likely to be eligible. Remember to check the HMRC software guidelines, which explains why pure integration work may not qualify.

Next question

Question three

Are you claiming for development work on customer projects?

You're on track to preparing claims at the maximum potential

It is perfectly acceptable to claim for customer work. However, if you are claiming under the SME scheme there may be a risk of HMRC querying the claim. The interaction between the SME scheme and customer work can be complex, so it is worth seeking advice before preparing a claim to prevent you from including anything that does not align to HMRC's guidelines. Even where customer projects are fully funded, it is still possible to claim for this work under the large company scheme, and indeed large companies are perfectly entitled to claim for funded or subcontracted work.

Next question

You could be missing out on some added benefit

Customer projects can qualify for R&D, so you should definitely review your work to see if there's another potential claim opportunity. The interaction between the SME scheme and customer work can be complex so it is worth seeking advice before preparing your R&D tax credits claim. But even where the work is fully funded, it is still possible for a small company to claim for customer projects under the large company scheme, so it's worth carrying out an eligibility assessment. Large companies are perfectly entitled to claim for funded or subcontracted work.

Next question

Question four

Have you missed activity out of your claim because you do not retain exclusive rights over the IP for open-source software developments?

You're on track to preparing claims at the maximum potential

It is worth noting that the final ownership of IP is not an overriding factor in determining whether a claim can be submitted. The only issue with using open-source software is that there are no license costs related to the development, so this claim type would be lower than in the case of a commercial development package.

Next question

You could be missing out on some added benefit

You should definitely consider reviewing this activity as you could be missing out on cash savings. Even if an open-source community insists on your code being reused, this does not prevent a claim being made. The final ownership of IP is not an overriding factor! The only issue with using open-source software is that there are no license costs related to the development, so the claim will be lower than in the case of a commercial development package.

Next question

You could be missing out on some added benefit

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Next question

Question five

Are you claiming
for hosting SaaS
and PaaS costs?

Warning: this is a complex area

This is a complicated area when it comes to R&D tax credits. It is possible to claim for software license payments. Software-as-a-Service (SaaS) and Platform-as-a-Service (PaaS) costs may fall into this category, but it is very much on a case-by-case basis. Hosting costs such as cloud computing service payments, for example Amazon Web Service, are claimable under the R&D scheme. However, these costs need to clearly align with the qualifying R&D and cannot be included if the claimant company has rights to on-sell data. It is worth seeking advice in this area as these costs can be significant and a mistake may lead to penalties from HMRC.

Next question

You could be missing out on some added benefit

This is a complicated area. It is possible to claim for software license payments. Potentially Software-as-a-Service (SaaS) and Platform-as-a-service (PaaS) costs may fall into this category but it is very much on a case-by-case basis. Hosting costs such as cloud computing service payments, for example Amazon Web Service, are claimable under the R&D scheme. However, these costs need to clearly align with the qualifying R&D and cannot be included if the claimant company has rights to on-sell data. It is worth seeking advice in this area as these costs can be significant and a mistake may lead to penalties from HMRC.

Next question

Question six

Are you claiming for support or business as usual (BAU) activities?

You're on track to preparing claims at the maximum potential

Simple issue or bug fixing cannot be claimed but complex issues can be encountered. For example, as user loads increase during early operation, technical issues may be encountered, and the work to solve these issues might be claimable. Even where these teams do not develop the final solution, it is worth considering whether they are directly involved in the design/test/feedback loop.

Next question

You could be missing out on some added benefit

Although you may class all post-release work as support or business as usual (BAU), it is likely that these teams are still involved in resolving technological uncertainties so it is worth reviewing this activity when preparing your R&D claims. Simple issue or bug fixing cannot be claimed but complex issues can be encountered and the work to solve these issues might be claimable. Even in the case where these teams do not develop the final solution it is worth considering whether they are directly involved in the design/test/feedback loop. As IT teams move away from the development/support split into a DevOps function it is likely that even more of your claim will sit outside of the core platform development team.

Next question

Question seven

Are you claiming for
intangible costs?

You're on track but be careful

This is a risky area when preparing R&D tax credit claims. It is acceptable to claim intangible assets as part of your R&D claim, but you need to follow the Business Income Manual approach to define whether the cost is revenue or capital in nature. We advise that companies should speak to an adviser before making a claim for intangible assets to ensure anything included is aligned with HMRC's requirements.

Let's see your results

You could be missing out on some added benefit

Even though the R&D tax credits scheme was set up to focus on revenue expenditure, changes to accounting policies have required more of these development costs to be aligned to intangible assets. To be fair to all tax payers, HMRC allows intangible assets to be included in the R&D claim calculation. You need to follow the Business Income Manual approach to define whether the cost is revenue or capital. We advise that companies should speak to an adviser before making a claim for intangible assets to ensure anything included is aligned with HMRC's requirements.

Let's see your results

How many red lights were lit by your answers?

Question one Are you claiming for development work related to your IT architecture?

Question two Are you claiming for work related to off-the-shelf software?

Question three Are you claiming for development work on customer projects?

Question four Have you missed activity out of your claim because you do not retain exclusive rights over the IP for open-source software developments?

Question five Are you claiming for hosting SaaS and PaaS costs?

Question six Are you claiming for support or business as usual (BAU) activities?

Question seven Are you claiming for intangible costs?

Find out what this means for you

What does this mean for your business?



You understand the benefit of the R&D tax scheme

It looks like you have most bases covered with your R&D claim. But are you presenting this claim to HMRC in a way that might cause an enquiry? [Book a free claim review](#) against the new HMRC guidelines and our experts will advise you on how likely your claims are to be queried by HMRC.



You could be missing out on some added benefit

You've recognised some eligible activity but there is a lot more that you're potentially missing out on. [Book a free claims review](#) where our R&D experts will advise you on how to update your eligibility assessment to maximise your claims.



You're significantly missing out!

There are many different aspects of your work that are likely to be eligible. [Book a free claims review](#) to discuss your claiming process and what actions you can take to ensure your future R&D tax credit claims are brimming with eligible activity.