

What you need for your R&D tax credits claim

Do you want to get back up to 33% of your research and development costs? Here's what you need to do to prepare for a successful R&D tax credit claim.

R&D claim checklist

Find out if your project and company qualify

Know which expenses you can claim

Learn which scheme is right for you - SME or RDEC

Understand how your R&D tax credit is calculated

Get a copy of your submitted or draft tax return (CT600) and company accounts

Prepare a summary of your R&D projects

Break down the claimable expenses for each project

Get your claim reviewed

Find out if your project and company qualify

Your company is eligible for R&D tax relief if it spends money developing a new product, service or process, or if it improves an existing one.

To get R&D tax credits, you need to show that your company took a risk by investing money in trying to resolve a scientific or technological uncertainty. The idea is that you should be rewarded for trying to advance scientific or technological knowledge and capabilities – no matter which sector your company is in. The project does not have to be successful for you to claim tax R&D tax credits. Additionally, to be eligible for R&D relief, your company:

- **must be subject to corporation tax in the UK**
- **must have worked on qualifying R&D projects in the last 2 years**
- **must be a going concern up until your claim is made. ‘Going concern’ means that the company is financially sound and able to operate for the foreseeable future**

Know which expenses you can claim

R&D claim expenses include the cost of staff and salaries that went towards your projects, including subcontractors and externally provided worker costs. You can also include the cost of spent materials, fuel, water and power that helped you complete the projects, in addition to software that’s directly used in your R&D activity and prototype costs.

[Read the full list of activities here](#)

Learn which scheme is right for you - SME vs RDEC

There are two schemes for R&D tax relief:

- **The SME scheme (small-medium enterprise)**
is for small and medium-sized businesses with less than 500 staff and a turnover of under €100M (about £85M) or a balance sheet total under €86M (about £73M). You can claim a higher rate of tax relief than a larger company – up to 33%
- **The RDEC scheme (Research and Development Expenditure Credit)**
is for larger companies with 500 or more staff and a turnover of over €100M or balance sheet total of €86M. You can claim up to 11% of your company's qualifying R&D expenditure. This scheme is also for SMEs that don't qualify for the SME scheme (due to grant funding, for example)

Understand how your R&D tax credit is calculated

R&D tax credits are calculated as a percentage of your total spend on research and development in a year.

- **For the SME scheme (profit-making businesses) -**
R&D tax credits reduce your corporation tax bill by 25%. So if you spent £100,000 on R&D, your corporation tax bill would be reduced by £25,000
- **For the SME scheme (loss-making businesses) -**
R&D tax credits give back up to 33% of your R&D costs in cash
- **For the RDEC scheme -**
R&D tax credits give back 11% of your R&D costs in cash or corporation tax reduction

Get a copy of your submitted or draft tax return

You claim R&D tax credits through your Company Tax Return (CT600) which you normally submit on an annual basis and based on the figures from your statutory company accounts.

There are two components of an R&D claim and they are submitted as appendices to the Company Tax Return:

- **Your technical narrative**
- **The breakdown of costs and percentages of costs that relate to R&D**

When you submit your tax return, the R&D tax credits claim gets processed along with it. If you've already submitted your tax return for the year, however, you can amend it later to add in the R&D tax credits section and claim your costs.

Prepare a summary of your R&D projects

Summarising your projects helps you to easily compile your 'technical narrative'.

The technical narrative is where you explain to HMRC why your work qualifies as R&D. It should outline the overall technological advance(s) you were attempting and what work was done by your company to overcome technical uncertainties. You don't need to be successful in overcoming these uncertainties to qualify for R&D tax relief. A terminated project or work done before a change in direction will still qualify.

Break down the claimable expenses for each project

Your breakdown of claimable expenses should include what you spent money on, and how much you spent. If there are costs that didn't entirely go towards R&D, you can just state what percentage of the cost was spent on R&D.

The breakdown of expenses will determine how much you get back in R&D tax relief (somewhere between 25 and 33% of claimable expenses for SMEs or 11% for larger companies).

Get your claim reviewed

Getting your claim reviewed increases your chances of having a successful claim that doesn't get reduced by HMRC.

When you submit your R&D claim through SeedLegals, our experts fully review the claim to make sure it's HMRC- proof. We've reviewed thousands of R&D claims and we're up-to-date with the latest requirements. We've got a 100% success rate, with 0 claims reduced - plus our costs are lower than most accountants.

How do you make your claim?

You claim R&D tax credits through your company's corporation tax return (CT600) which is submitted annually and based on the figures from your corporation tax computation and statutory accounts. To claim R&D tax credits, you'll need to submit the tax computation, tax return (CT600) and your technical narrative to HMRC.

Breathe a sigh of tax relief

We know how overwhelming it can feel, but luckily you've got SeedLegals on your side to guide you through your R&D claim from start to finish.

It's easy to [make your claim on Seedlegals](#) - we take you through a step-by-step process that combines automation with expert help so you can maximise your claim with minimal effort.

- ✓ Estimate how much you could claim using our [free R&D calculator](#)
- ✓ Connect your Xero account and import your costs directly from Xero. You can also enter them yourself or send your costs over to us
- ✓ Fill in the information at each step and your claim will be automatically generated
- ✓ Record projects and costs as you go using our automated workflow
- ✓ Generate your technical narrative automatically based on information you input about your company, your projects and your industry description
- ✓ Upload a draft of your tax return and we'll help you complete the R&D section. If you've already submitted a tax return, we'll help you amend it to accommodate your R&D claim
- ✓ Get your claim reviewed by R&D tax credit experts
- ✓ Submit your claim through SeedLegals

Talk to an expert

Find out more about how we can help you with your R&D claim by talking to one of our dedicated experts.



[Book a call](#)