

R&D Tax Credits for the Electronics Industry

A course for Industry explaining how to get the most out of R&D Tax Credits

Course Leaders: Intellect, David Byrne Deloitte, Adrian Williams Ernst & Young, Remy Husein KPMG and Lesley Hill PwC

Additional Speakers: HM Treasury and HMRC

Who is it for?

The course is for finance and development managers/directors from electronics companies of any size. In order to gain maximum benefit from the course, ideally both functions should be represented.

What is it about?

As part of a range of measures aimed at improving UK productivity, the Chancellor announced in the April 2007 budget, that the value of Research and Development (R&D) tax credits would increase and that he was raising the SME limits for R&D so that more medium sized companies would qualify for the more generous SME scheme.

The government, serious about increasing R&D in UK have set ambitious targets to ensure more companies are able to undertake R&D activities. From April 2008, the large company credit will increase from 125% to 130% and the available credit to small and medium-sized firms will rise from 150% to 175%.

Intellect, with the help of the 'big 4 accountants' (Deloitte, Ernst & Young, KPMG and PwC) ran a course aimed at improving tax inspectors understanding of software in October 2006 at the HMRC residential training college. Intellect subsequently ran the same course for the software industry. This year we are extending the opportunity to the electronics industry.

N.B one of the topics on the course is Eligible Costs (for the tax credit). These can be different for small and large companies. We will attempt to deal separately with each if there is sufficient demand from the delegates on the day.

How do you benefit?

The course will be for Electronics SMEs who want to understand:

- If and how their research and development work qualifies for the R&D Tax Credit
- What HMRC heard from us, but translated for the Electronics Industry

- The HMRC processes and recommended company internal processes for maximising the chances of a successful claim
- Current HM Treasury and HMRC views
- Potential pitfalls

Eligibility for R&D Tax Credits

The principles of claiming for the tax credits are the same for all companies. Maximum credits apply to those organisations that fall under the future SME R&D TC SME limits which are:

1. Fewer than 250* employees
2. Less than 50m* euros turnover
3. Less than 43m* euros balance sheet

NB. Criterion 1 must be satisfied to qualify for the SME scheme and either or both of 2 and 3. These numbers are under review and are likely to be doubled, subject to EU approval.

Course Overview

- 09.00 Coffee and registration
- 09:30 Introductions and Welcome, Tom Wills-Sandford Intellect
- 09:45 The R&D Tax Credit – Setting the Government's Policy Agenda, David Harris HMRC
- 10:15 Implementation Experience, Andrew Groves & Roberta Hanna, Caseworkers - HMRC Croydon R&D Specialist Unit,
- 10:45 Coffee
- 11.00 Overview of the case study, Remy Husein, KPMG
- 11:15 The Definition of R&D for tax purposes, David Byrne, Deloitte
- 12:15 When and where does R&D start and stop? Remy Husein, KPMG
- 13:15 Lunch
- 14:15 Demonstration of the FundMap tool (www.fundmap.co.uk), David Kynaston, Chair, EKTN
- 14:30 Eligible costs, Lesley Hill, PwC
- 15:30 The process (both within the company and within HMRC) Adrian Williams, E&Y
- 16:30 Tea & Panel with the four accountants, Lynn Carroll (HMRC Head Office), and Tom Wills-Sandford
- 17:00 End

Course preparation

If you are not already familiar with them, it may be worth reading the DTI guidelines prior to attending the course.

<http://www.berr.gov.uk/dius/innovation/randd/index.html>

Venue	Intellect Conference Suite, Russell Square House
Max	50
Duration	One day
Time	09:00-17:00
Fee	£50 to members of Intellect and the EKTN