

CORPORATE TAXES

Research and Development (R&D) tax reliefs

With ongoing focus on the availability of R&D tax reliefs and companies' eligibility to claim them, the government is now consulting on widening the use of 'advance clearances' from HMRC. This initiative intends to give companies greater certainty when planning R&D investment, while also improving the taxpayer experience and reducing error and fraud.

Voluntary advance assurances are already part of the R&D tax relief regime, but they are not commonly utilised. The consultation considers a framework where future assurances become mandatory in certain areas, namely those where HMRC are concerned about the risk of incorrect claims.

The consultation also considers whether, in future, a minimum expenditure threshold should apply to R&D reliefs, noting that a threshold of £25,000 used to apply in the past.

What is clear is that expert tax support continues to be required for all R&D activity. If this is something that you or your company are undertaking now or considering for the future, please do get in touch.

Tackling 'phoenixism'

HMRC is expanding its efforts to tackle 'phoenixism' (or tax-driven business cessations followed by business start-ups), whereby company directors go insolvent to evade tax and write off debts owed to others.

HMRC, Companies House and the Insolvency Service will deliver a joint plan to tackle rogue directors who abuse the insolvency regime. The plan includes an increase in the use of securities, where HMRC asks for an upfront payment of tax from new companies. More directors will be made personally liable for the taxes of their company and there will be an increase in the number of enforcement sanctions.