

GET READY FOR MORE R&D CHANGES

On top of the major changes to research and development (R&D) tax relief that took effect from 1 April 2023 there are yet more changes that take effect from 1 April 2024.

For accounting periods commencing on or after 1 April 2024, companies carrying out qualifying R&D will be entitled to a 20% expenditure credit. The 20% is calculated on the amount of qualifying expenditure. Qualifying expenditure is extended to include subsidised expenditure from 1 April 2024, although R&D carried out overseas will no longer qualify unless the work cannot be undertaken in the UK.

“R&D intensive” companies that make trading losses will continue to be entitled to a tax refund instead of the expenditure credit. The definition of “R&D intensive” is reduced from 40% to 30% from 1 April 2024 which means a company that spends at least 30% of total expenditure on qualifying R&D will now be entitled to the more generous tax refund.

R&D tax relief continues to be a complex area and we can work with you to help you prepare a valid claim as HMRC are now scrutinising and rejecting an increasing number of claims.