

Research & Development (R&D) Tax Relief Reform Consultation Launched

The UK Government has launched a consultation to simplify the UK's R&D tax relief system.

The 8-week consultation, which runs from 13 January to 13 March 2023, sets out proposals on how a single scheme could be designed and implemented. This would replace the two R&D tax relief schemes currently in place - the Research and Development Expenditure Credit (RDEC) and the small and medium enterprises (SME) R&D relief.

A scheme modelled on the current RDEC for SMEs would also give decision makers in smaller companies clearer information, which will help them set budgets for R&D. In contrast, for those claiming SME tax relief in the current setup, the exact amount of money their firm will receive can only be known with certainty at the end of accounting period.

This is part of the government's ongoing R&D tax reliefs review, and follows changes announced at Autumn Statement 2022 where the generousities of the two R&D tax schemes were broadly aligned, with the Chancellor pledging to work with industry to understand how to provide further support for R&D-intensive SMEs.

Government spending on R&D is aimed at stimulating private sector investment which is why it is increasing investment to £20 billion a year by 2024-25.

See: [R&D Tax Relief Reform Consultation Launched - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/r-and-d-tax-relief-reform-consultation)