

# Are you missing out?

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*Our jargon-free guide to capital allowances and R&D tax credits*

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ASTON SHAW

— since 1969 —

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# What is R&D?

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Research and Development tax credits, commonly referred to as simply 'R&D' is a government incentive designed to drive forward innovation across multiple industries.

This is an opportunity for you to reduce your corporation tax bill or receive a refund from HMRC based upon the working hours your business dedicates to R&D.



# Keep in mind:

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R&D is not limited to scientists in lab coats. It is this common misconception that steers people away from claiming R&D that they otherwise would be entitled to. R&D has a much wider scope than most people realise, and you should not be put off by thinking such relief is reserved solely for mad professors. R&D is available to any business that invests time and money into research and development.



# Who is Eligible for R&D?

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So, what business activities qualify as research and development?

To list every possible project that could qualify for R&D would make this document rival the page count of Leo Tolstoy's *War and Peace*. However, according to gov.uk, to get R&D relief you need to explain how a project:

1

Looked for an advance in science & technology



2

Had to overcome an uncertainty



3

Tried to overcome an uncertainty



# 4

Couldn't be easily worked out by a professional in the field



Providing these criteria are met, you could save thousands in tax relief. From our experience, the criteria can often be met in seemingly unlikely projects.

# How Can Aston Shaw Help?

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As with capital allowances, we often find that R&D is under-claimed, meaning vast numbers of businesses are missing out on some significant tax relief.

We can help. We have the specialist knowledge and extensive experience required to ensure that if you have a claim, we will achieve the very best result for you. The intricacies and finer details of R&D can be complex, so a professional approach that comes from a position of understanding is always necessary.

# How Can Aston Shaw Help?

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Our process starts with learning about your business and the nature of the projects it's involved in. Once we've established a thorough understanding of your business and its activities, we can review and identify areas that qualify you for R&D tax credits. After ascertaining that you are eligible, we can begin the process of providing you with the best possible tax savings.

You really could be missing out on thousands of pounds of tax savings or even a refund! To take the first step, we recommend you contact us so we can begin to assess your situation.

Contact us

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# Case Study #1

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Our client manufactures a variety of unique, quirky outbuildings and structures, the difference being that they tend to have a modern twist. After meeting with the business, we conducted an extensive analysis that highlighted several areas that could qualify for R&D. In the end, the company was able to claim a cash refund of £11,000.

Tax saved	<b>£9,500</b>
Cash claimed	<b>£11,000</b>

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*When I approached Aston Shaw I was faced with an annual tax bill of £9,500. Aston Shaw were able to identify costs qualifying for R&D, and this propelled me into a positive tax position where I was able to claim back £11,000 from HMRC.*

# Case Study #2

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Our client is a large insurance provider that grew tired of using Customer Relationship Management (CRM) systems that weren't quite right for their business. They decided to design their own piece of software from scratch. Upon learning about this, we informed the client that such an activity was likely to qualify them for R&D. The result we ultimately achieved for them meant that instead of the client paying HMRC £15,000, HMRC paid them £25,000.

Tax saved	<b>£15,400</b>
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Cash claimed	<b>£25,000</b>
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*Aston Shaw advised me there was potential to claim R&D, especially as the cost involved in developing the software was associated with an element of risk. Following the production of the software, Aston Shaw advised me to protect my product with a patent, thus ensuring 10% corporation tax on any sales made. A particularly practical piece of hand-in-hand advice.*

# Case Study #3

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An engineering company known for designing and creating quality components for the defence and aerospace industry approached us enquiring about R&D. They'll probably be the first to admit that they weren't expecting to save much, perhaps a slight discount off their tax bill at best. When we revealed that not only could we abolish their tax bill altogether, we could also claim a total of £49,000 to fund the creation of a new product, both we and client were extremely happy with the results.

Tax saved	<b>£60,000</b>
Cash claimed	<b>£49,000</b>

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*Aston Shaw are clearly very knowledgeable in this field; every part of the process was conducted professionally and thoroughly. I have no doubt in my mind that Aston Shaw saved us the maximum amount possible through R&D claims. I still have to pinch myself when I think about how much we were able to gain through R&D.*

# What are Capital Allowances?

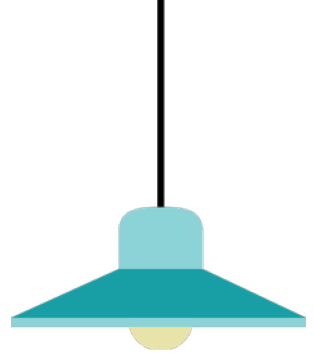
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In a nutshell, capital allowances are a way of saving tax when your business buys a **capital asset**. Now, in order for this definition to make any sense, we need to understand exactly what is meant by a capital asset.

As a rule of thumb, a capital asset can be defined as any piece of company property that plays a significant role in the day-to-day running of a business. For example, if your company buys computers to sell, these will not be eligible for a capital allowance because they will be regarded as inventory. However, if you buy computers for your business to use, then in all likelihood you could save on these purchases.



# What Qualifies as Capital Assets?



The sheer scale and variety of company purchases that you could claim tax relief on will surprise many, which brings us back to the title of this guide: are you missing out?

Those with a basic understanding of capital allowances are likely aware that they can claim relief on property, plant and equipment. However, are you also aware that you could claim on cars, stocks, bonds, art and collectables and even something as obscure as light fittings? The list goes on and on.



# How Can Aston Shaw Help?

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From our experience, capital allowances are often underutilised and therefore under claimed.

You could be missing out on saving thousands of pounds of tax each year. The good news is that our specialists assist clients with capital allowance claims on a daily basis, meaning we have the experience and expertise necessary to meet the constantly evolving demands of capital allowance legislation.

To submit a claim and maximise allowances, specialist skills and a professional approach are required. We can conduct a thorough review of your business to identify every possible capital allowance opportunity.

# Am I Eligible for Capital Allowances?

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Such a small percentage of businesses that could have their tax bill adjusted down actually do, this is simply down to not being proactive about capital allowance claims. Most just aren't aware of what they're missing out on.

Fortunately, knowing is half the battle. Now that you have a basic understanding of capital allowances and how much you could save, we strongly urge you to get in touch so that we can begin investigating your eligibility.

Contact us

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# Case Study #4

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Our client owned three care homes with a combined value of £4.4m. Subsequent analysis uncovered £423,440 of unclaimed capital allowances. Ultimately, the result we achieved for the client was a significant reduction in their tax bill.

Capital allowances of

**£423,440**

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*I've been extremely impressed with the service provided by Aston Shaw. They managed to explain what is quite a complicated subject in simple terms. Without their expertise of Capital Allowances, we would have completely missed out on significant savings.*



# Case Study #5

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Approximately £1.95m of capital allowances were identified within the build cost of a new care home owned by our client, not including furnishings. By choosing to make this claim, our client has now greatly improved their cash position. With the ability to offset losses generated from this claim against other profitable organisations within their group, they have saved in the region of £108k corporation tax in the coming 5 years along with savings to continue well after this point.

Capital allowances of

**£1.95 million**

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*We initially contacted Aston Shaw to find out a little more about capital allowances and to see if there was any potential for us to make some savings on our new build. To be honest, we weren't really expecting to make many savings - if any - so we were astonished to find out that Aston Shaw saved us £108k!*

# Case Study #6

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It was established that our client's hotel had not previously had capital allowances claimed since it was purchased over 10 years ago. A historic claim was made and over £200k of capital allowances were identified and claimed, giving us a corporation tax saving of approximately £14k in year one, with anticipated savings of £18k in the coming 5 years, with further savings to continue after this point.

Capital allowances of

**£200,000**

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*For years, we were completely unaware of capital allowances and the savings that they can offer. Fortunately, we got in touch with Aston Shaw who advised us that we were likely eligible to make capital allowance claims. The result was thousands off our corporation tax bill!*

# Contact us

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