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## **TAX INSIGHT UK**

### **Tax for Innovative Companies**

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### **UK R & D Tax Reliefs**

### **'Innovate UK' – Funding for R & D**

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#### **UK R & D Tax Reliefs**

UK Tax relief for R & D is generous and lacks the complexity of many other EEA and US tax incentives.

But other sources of direct support can play an equally important role in R & D work. In this Insight we round up the latest funding schemes announced by 'Innovate UK'.

#### **Grant v Tax Funding**

Claiming grants and subsidies can have an impact upon R & D tax relief where the SME rate of relief is claimed. The legislation is draconian and can affect the whole project costs, even where a grant is repaid because of the potential significance of the tax relief.

This area is a difficult one for SME's where project costs can quickly escalate but tax relief lags behind.

Even indirect support or intercompany funding can impact.

However the 'cash now' position is often more important and it is feasible to have both tax relief and grant

Funding in certain circumstances.

#### **Innovate UK**

'Innovate UK' replaced the Technology Strategy Board this month, as the agency aims to make its range of R & D based support more accessible to a wider range of businesses.

#### **October Highlights**

Help is announced for a range of R & D project work, aimed at both specific industries and wider SME activity. Highlights include

#### **2014/15 SMART Funding Round Four**

Wide grant support for SME project work  
Closing date – 27 Nov 14

#### **Growth Showcase - Funding for Tech Companies**

The Government launches its 'Growth Showcase' platform, linking R & D start up's to potential investors.



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**Industry specific funding  
competitions**

**Food & Drinks industry**

- Funding programme of up to £11m for eligible companies

**Waste management /  
Material recycling**

Funding programme of up to £4.5m for collaborative R & D projects aiming to increase the recovery of recyclable materials from waste streams

**Medical & Healthcare  
Technologies**

Regional support for R & D projects engaged in medical & healthcare development

Further information is also available here:

**[www.InnovateUK](http://www.InnovateUK)**

**Action**

Even if your Company is not within any of the above groups, a range of other R & D support measures is often more widely available.

The Company will need to have a project funding strategy with clearly defined capital requirements. Capital markets can be unpredictable and no reliance should be made on the outcome of grant funding competitions.

Most competitions are based upon the 'match funding' principle. Meaning that the Company must equally invest with the agency sponsor. This sponsorship and capital requirement will follow the project outcome whether successful or not.

**Further information**

Please contact a member of the Tax Insight Team. Our team is headed by one of the leading UK experts on R & D, **Maria Kitt**

**Author 'UK R & D Tax  
Reliefs' – Bloomsbury  
Professional Press**

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