



TAX INSIGHT UK

UK R & D - 2016

December 2016

Tax for Innovative Companies

Maria Kitt, Tax Partner at Tax Insight UK, takes a look back at 2016 and the road ahead for innovative companies.

It has been a landmark year for R & D companies and the UK's research and technology community in general. There is no doubt now that R & D tax reliefs and incentives are providing, at a renewed and record rate, valuable support and financial aid to a broad variety of innovators. And this is how it should be and why it should be sustained.

Just what were the 2016 achievements in our sector and what is the impact of R & D? For our clients there would be too many achievements and too much diversity to mention; but their significance and the positive impact of the UK R & D sector is very evident both in quantitative and qualitative terms.

UK Foreign Direct Investment

FDI is a useful quantitative measurement of the 'appetite' for R & D and its location. The barometer shows, encouragingly, that the UK's world ranking has continued its upward momentum in 2016. The UK extended its lead over second-placed

Germany as a Foreign Direct Investment destination, as both countries pulled away from the remainder of Europe. The UK has also moved from eighth to ***fifth in the worldwide*** ranking of countries whom investors regard as attractive for FDI over the next three years – its highest ever position.

The attribution of generous tax incentives for R & D and reduced mainstream and Patent Box corporation tax rates play a key factor in promoting the UK. These will surely continue to be a vital part in tax and trade strategies, establishing long term commitment to innovators.

Qualitative R & D

As our last news insight of the year goes to press, client companies are carrying out landmark technical achievements and pioneering scientific research.

Laudable break-throughs continue to be sought in both collaborative and singular project frameworks on a worldwide basis.

We have been able to assist funding for breath-taking space and satellite technologies and projects furthering medical and bio-medical engineering to limits that could previously only be theoretical.



R & D tax credits have also helped industry focussed technologies, from heavy precision engineering for Cross Rail projects to new robotic technologies and advanced manufacturing tech for a wide range of uses from car safety components to specialist rail equipment. Software and Creative sectors continue to astound us with their imagination and ingenuity.

What is R & D?

Clearly there are a number of threads comprising UK R & D. Long term fiscal investment will produce the outstanding qualitative and quantitative contributions now evident. Grant support complements tax incentivisation. Both play a hugely encouraging part in setting the environment for good research, business and commercialisation.

But the essence of R & D possibly lies within the foresight of the community itself; with the ideas and drive of great innovators able to reach their potential with full fiscal support.

Deep within the two boundaries of invention and financial support - now reaching £4bn, lies a people focussed sector. Where talented young people can find futures with world-class Sci / Tech companies or deep within pioneering Sci / Tech research

programmes. A sector denoted by hope and prospects. An achievement indeed.

Best Wishes of the Season

We therefore close 2016 on a positive note with many expectations for the future.

With this positivity, we wish all clients, contacts and readers a **'Very Happy Christmas and successful 2017'**.

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For more information on innovative tax and grant support:

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Read our book:

UK R & D Tax Reliefs – Bloomsbury Professional Press

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