

# ForrestBrown® webinar

The new era for R&D tax relief  
Future proof your manufacturing  
business & maximise your  
competitive advantage

In partnership with

**fdf** food & drink  
federation  
passionate about food & drink

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# Agenda

## Part 1

The innovation agenda – what's changed

## Part 2

R&D tax relief – how to ensure you're capturing the full value of your innovation

## Part 3

Maximise your strategic advantage – principal recommendations



Part 1

# The innovation agenda What's changed?



Why the  
government  
incentivises  
innovation

Total cost of R&D  
tax relief in 2018-19:

£5.3bn



R&D tax relief contribution  
to the economy:

£10.2bn

(£3.8bn for SMEs + £6.4bn for RDEC)



This is equal  
to  
more than  
250,000  
STEM  
jobs

## Benefits to society



### Financial

Claimants have an average turnover three times larger than the average.



### Competitive

A negative impact on the turnover of competitors.



### Geographical

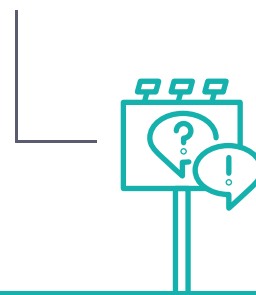
Physical proximity facilitates knowledge diffusion.

## The evolving landscape

More businesses than ever are claiming this valuable incentive - 57,355 in 2018-19.



A rise of spurious advisers are wilfully exploiting an unregulated market.



Misplaced confidence and lack of awareness – businesses risk sleepwalking into disaster.



Fraud and error identified to the tune of £311m according to the National Audit Office.



Generosity of the relief has fuelled a highly competitive industry.





# The wild west

Our YouGov research showed that a staggering 90% of the 2,004 businesses surveyed did not know the market for R&D tax advice is (largely) unregulated.



An increased  
focus on  
compliance from  
HMRC



A sharper focus  
on quality



Penalties and  
discovery notices



100 new compliance  
staff

R&D tax relief is  
low risk, but not  
risk free.

“

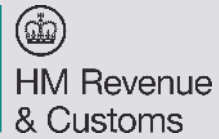
HMRC doesn't publish its enquiry rate. But each officer could be expected to run up to 30 enquiry cases at any one time. With 100 extra pairs of hands, HMRC will have the resources to cover upwards of 3,500 enquiries at a time in 2021.

Mark Andrew  
Former HMRC inspector and ForrestBrown Senior tax specialist





# The R&D tax relief consultation



## Our key recommendations:



A better, more modern definition of R&D



Clear regulation of the incentive



Streamline the rules – RDEC for all

Read more: What's happening and why?





Part 2

# How to ensure you're capturing the full value of your innovation

Is my business  
eligible for R&D  
tax relief?



- ✓ A limited company subject to Corporation Tax.



- ✓ Carrying out qualifying research and development.



- ✓ Have spent money on these projects.



A CRAFT BREWER

## WIPER AND TRUE

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We had researched the R&D incentive before, but assumed it wouldn't amount to much for us. That changed when we met a fellow brewer who shared their success story. At this point we realised this wasn't an opportunity we could afford to miss.

We've been delighted with the funding we've received via the incentive. We've reinvested our benefit into our latest venture – brewing different styles of beer using innovative techniques.

Michael Wiper, Founder and Managing Director

Do you qualify  
for SME relief or  
RDEC?

SME

Average claim:

£57,228

Worth up to  
33p for every  
£1 spent

RDEC

Average claim:

£332,160

Worth  
11p for every  
£1 spent

“

R&D takes place when a project seeks to achieve an advance in science or technology through the resolution of scientific or technological uncertainty.

”




What counts as  
R&D?



Do you encounter  
head-scratching technical challenges in  
your projects?



Are you using technical  
expertise to develop and  
deliver solutions?



## 8 ways you might be carrying out R&D in food and drink manufacturing



Developing new  
manufacturing  
processes to allow  
production to be  
scaled effectively



Developing new and  
improved bottling or  
canning processes.



Creating new chilling  
methods  
to speed up  
production.



Creating  
cutting-edge  
manufacturing  
equipment.



Adapting ingredients  
to increase the  
shelf-life of a product.



Reformulating  
products to reduce fat  
and sugar content.



Developing software  
to manage production  
lines.



Replicating  
animal-derived  
products for  
vegetarian and vegan  
markets.

# Consider quantifying coverage of sector specialists

Tom Heslin MSc  
Software



Tree MA (Cantab) MBCS  
Software and hardware



Peter Beavis MSci PhD  
Chemicals/materials



Mike Harrison BSc Eng ACGI MNIE  
Structural and mechanical engineering



David North BEng  
Digital and software



Gareth Randle Pr Tech Eng MSAICE  
Structural engineering



Robin Taylor  
Automotive body structure and  
electromechanical systems



Ben Wyatt  
Digital



Kim Malik PhD  
Materials science,  
chemistry and food  
science



Ryan Barr  
Geophysics



Alex Oliver PhD  
Chemistry



Isaac Greenbury ATT  
Geoscience



Amalia Westerlund MSci  
Scientific and technical



Jim Haire AAT  
Aeronautical engineering



Julian Ford  
Electrical engineering



Holly Washington  
Chemistry





ForrestBrown have gone above and beyond to set us up for success in our future claims. Besides preparing our first claim at pace, their sector experts have helped us organise our projects and record-keeping practices to ensure that the process is smooth and simple for us going forwards.

Harriot Pleydell-Bouverie, Founder





Part 3

# How to maximise your strategic advantage



## How to identify untapped opportunities

Ask yourself the following questions:

		Yes
1	Are you sure you understand which of your COVID-19 projects count as R&D?	
2	Are you spending too much or too little time preparing your claim?	
3	Are you up-to-date on HMRC's approach and what changes you need to make to your next claim?	
4	Do you understand how your business plan will impact your future R&D tax relief claims?	
5	Does everyone in your business understand the commercial value of your investment in R&D?	
6	Do you understand how your contracts affect your eligibility?	



We were first introduced to the R&D tax relief by our accountant. They helped us with our first couple of claims, but they acknowledged that R&D wasn't their specialism and that an adviser like ForrestBrown might improve our claims.

The specialism certainly paid off. Since then, we've received a significant amount of money back for the work we've done.

Thomas Hunt, Managing director, Hunt's Foodservice

Have any  
questions?

We'd love to hear  
from you

James Dudbridge LLB  
Director

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