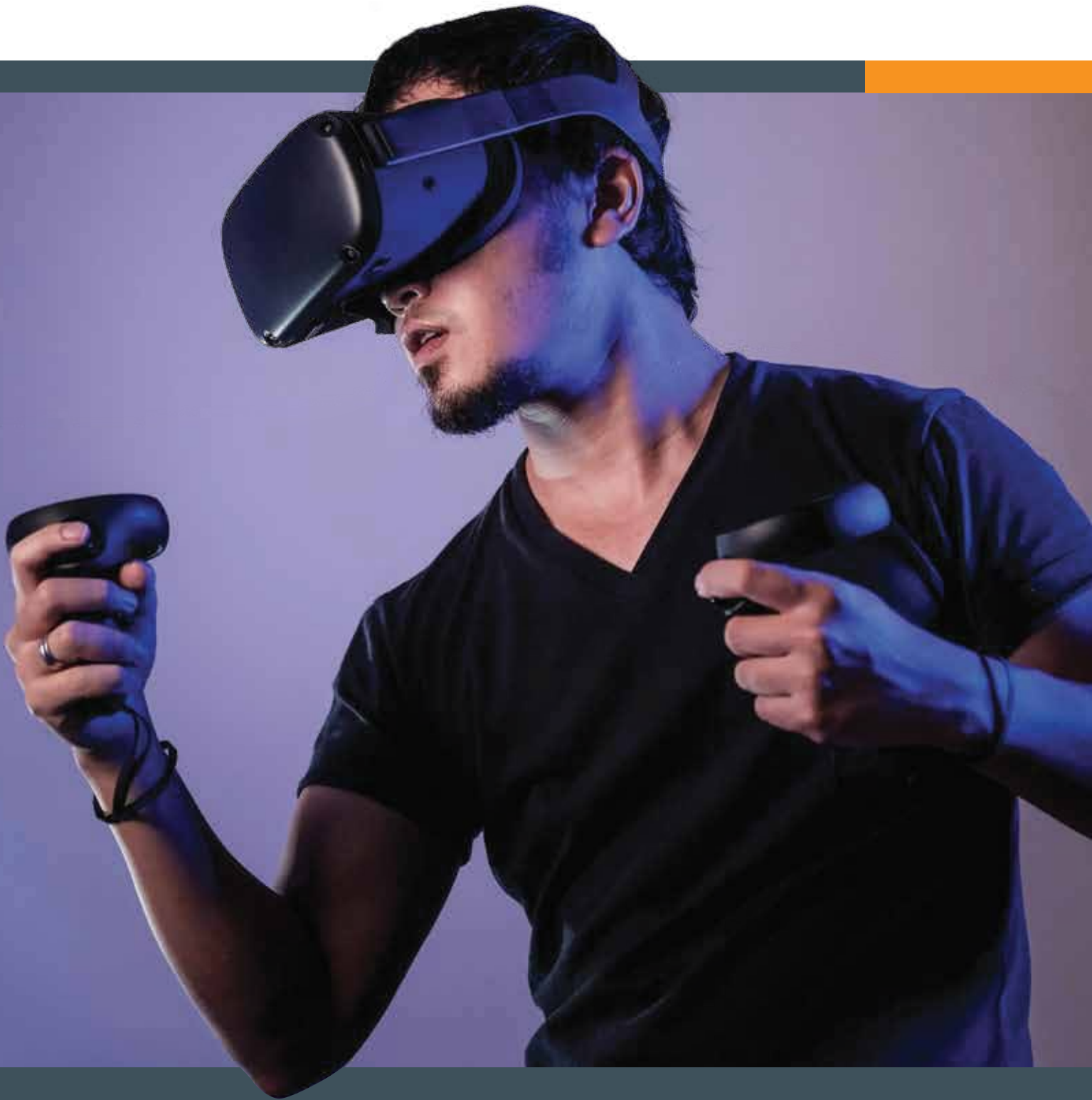


Innovation pays...

...Transform your business
with R&D Tax Credits



WHAT IS R&D FOR TAX PURPOSES?

Research & Development (R&D) refers to projects that seek to achieve an overall advancement in industry knowledge or capability, where technological or scientific uncertainty must be overcome in order that the project succeeds, regardless of the outcome. The primary objective of R&D is to promote innovation within UK companies, enabling them to introduce cutting-edge technologies, methodologies, and products, thereby staying ahead in the fiercely competitive global market.

The definition of R&D for tax purposes is far more extensive than one might initially assume. R&D for tax purposes occurs when a project aims to achieve an advancement in science or technology. The activities that directly contribute to achieving this scientific or technological advancement through the resolution of scientific or technological uncertainties are considered R&D. That said, and in layman's terms, if you are having difficulty trying to overcome a problem, that has an element of the above, and you are seen as a competent professional, then you should explore R&D for this purpose.

R&D is particularly prevalent in industries that heavily rely on technological advancements and innovation, such as manufacturing, engineering, pharmaceuticals, aerospace and probably everything in-between. R&D plays a crucial role in nurturing innovation, propelling economic growth, and maintaining a competitive advantage in the global marketplace.

“ From April 2024, qualifying companies can claim up to 20% of their R&D spend ”



WHAT IS R&D TAX CREDIT?

In 2000, the UK government introduced an initiative to encourage companies to invest in innovation called Research & Development Tax Credits, that reward companies through the UK corporation tax system. HMRC oversee the R&D tax credit initiative.

The government's aim is to make the UK more competitive in the global marketplace. The government have also defined qualifying R&D and updated the guidelines on the meaning of research and development for tax purposes on 7 March 2023:

- Projects that attempt to achieve advances in science or technology.
- Activities which directly contribute to achieving this advance in science or technology through the resolution of scientific or technological uncertainty.
- Certain qualifying indirect activities related to the project.

The tax incentives are designed to support innovation across various industries, including technology, pharmaceutical, manufacturing, engineering and aerospace to name but a few. Their primary aim is to promote investment in research and development and in turn drive economic growth and global competitiveness.



Frequently misunderstood, many mistakenly associate the term R&D with white lab coats, test tubes and microscopes. This is not the case!



WHO CAN CLAIM R&D TAX CREDITS?

Grasping the intricate qualifying criteria for R&D Tax Credits is often a complex endeavour, resulting in non-compliant and error-prone claims due to misconceptions or misunderstandings.

R&D is any development of new products, processes or services, or an attempt that seeks to make an appreciable improvement to an existing product, process, or service. Most companies qualify without even realising it.

The UK government have made the following rules apply to claim for R&D tax relief:

1. *UK based limited company and PLC's that are subject to corporation tax.*
2. *Businesses that are currently trading.*
3. *Businesses that have attempted to design a new product, process, system, or service, or improve an existing one.*
4. *Businesses that try to solve a problem where the outcome is uncertain to a competent professional in the field and the solution is not in the public domain.*
5. *The outcome of this work, whether successful or not, may lead to an overall advance in knowledge or capability.*



HOW DOES THE MOMENTUM TAX GROUP ADD VALUE TO YOUR R&D?

It's simple...

Our Five-Step Process

is proven to be highly effective!



Your next step?

Call Momentum Tax Group today and arrange a
FREE confidential R&D Tax Credit assessment.

T: 028 9140 4030 E: tax@momentumtaxgroup.com

ELIGIBILITY EVALUATION

A free, no obligation consultation with our specialist technical team explores your R&D activities and the best ways to optimise your returns. During our initial consultation, we will become better acquainted with your business and gain a comprehensive understanding of its activities. We'll delve into projects that may qualify and gather the information that is required for the process. This will enable us to grasp the full scope of your qualifying activities and assess whether they qualify for R&D tax credits.

To qualify for R&D tax credits, a business must demonstrate that they are undertaking qualifying R&D activities. These activities must seek to achieve an advance in science or technology and involve the resolution of scientific or technological uncertainties.

For a project to qualify as R&D, it should have set out to achieve an advance. That advance must be in a field of science or technology and not just an advance in your company's own knowledge. Your project may still qualify for R&D if the advance has already been achieved but the details are not readily available because, for example, they are a trade secret that isn't common knowledge.

It is important to remember that R&D is inevitably not always successful. If your project is ultimately unsuccessful but sought a solution which was not evident at the outset, it could still qualify for R&D Tax Credit.

SKILLED OBSERVATION™

After the initial introduction call, our technical team will arrange an onsite visit to review your businesses activities. These face-to-face visits aim to identify the true value of your qualifying activities and associated expenditure, maximising your financial benefit.

Companies undertaking Research and Development do so in many different ways – operating over weeks, months and often years – investing in new equipment, technology, resources, and people to name but a few. Moving forward, these steps become part of daily routines and operations, 'normalised' into business activity and history. They may often be replaced with an improved solution – and as a result are not always front of mind when a business is considering applying for R&D Tax Credits. Likewise, specialist human skills and labour may also have been called upon for a fixed period for example, with that expenditure potentially being 'lost' for the purposes of an R&D claim. To directly identify these otherwise 'hidden' areas, the Momentum Skilled Observation™ process, triggers a highly active, real-time review involving members of your team working with our own specialists.

Together, our objective is to discover and document qualifying expenditure, what was used, when and how so that can identify all of the qualifying activity to optimise the true value of an R&D Tax Credit claim. With you, we then walk around your factory, warehouse, laboratory, or offices, in order to bring effective, independent observation, to life. This real-time, collaborative "observation" of facilities and resources – focusses on what projects you have worked on, materials used, sub-contractors engaged, and any prototypes you may have that are physically identifiable to us, but maybe not evident to you.



With our extensive, multi-sector experience, we identify resources potentially used in research and development historically but are no longer actively deployed – enabling our consultants to assess the potential legitimacy for inclusion as part of an R&D tax claim. At the same time, we examine where other resources currently in active use (i.e. technology/equipment) that may have been used on a potential R&D related project to some degree.

Assessment of these example scenarios initiates new areas of investigation and applicability for potential R&D claims that otherwise could have been entirely missed.

The Momentum Skilled Observation™ process is typically concluded in under two hours, dependent on the scale of the facilities involved.

COMPREHENSIVE TECHNICAL REPORTING/COLLABORATIVE COST ANALYSIS/FULLY COMPLIANT DOCUMENTATION

After all information has been gathered from initial calls, consultation, and our Skilled Observation™ process, we now get to work on preparing your report. Our expert team manages the entire process of building the submission on your behalf. We prepare a comprehensive technical report and detailed financial calculation so your external accountant can file directly with HMRC. Quality and compliance are at the heart of what we do. Our professional team of technical consultants, come from backgrounds in technology & product development, global engineering, manufacturing, financial services, and consultancy.

The technical consultants work in partnership with our own in-house chartered accountants and tax team who together manage the full project life cycle of your R&D tax credit claim.

The full project life cycle will usually cover the following:

- Initial introduction and project commencement;
- Full technical assessment incorporating Skilled Observation™
- Independent research of technical/scientific fields relating to your project;
- Detailed cost gathering and analysis;
- Technical report development;
- Calculation of tax benefit;
- Production of a full submission pack; and
- On going collaboration with you and your accountant to ensure successful submission of your claim to HMRC.



WHY CHOOSE MOMENTUM?

Since 2009, we are proud to have helped businesses secure their R&D Tax Credit entitlement so that it can be reinvested to further improve performance and further projects. By working in partnership with us, we can help you plan so that you are able to accurately monitor and record the true value of your future projects as they evolve.

We have the strategic and technical knowledge to help you identify qualifying activities and associated expenditure, many of which may be hidden within your day-to-day operating activities.

From our initial contact, our objective is to gain a thorough understanding of your business and pinpoint areas of activity that you may take for granted as standard and routine. Our unique processes and methodologies have achieved significant R&D tax claims for qualifying companies that demonstrate progressive thinking and innovation. This is supported by creating tailored strategies that fulfil your business objectives whilst optimising the financial benefit available to you. Momentum's business proposition has evolved over time and is a proven model for success.

We partner with businesses in just about every sector, many of which would not typically be associated with R&D. This means we continually uncover qualifying activities, secure financial benefits, and help companies to implement progressive R&D programmes that optimise R&D tax rewards for their innovation.



VALIDATION IN OUR SERVICES

At the Momentum Tax Group, we take immense pride in our reputation as one of the UK and Ireland's premier Tax Incentives firms. Since our inception in 2009, we have provided expert guidance and innovative solutions to businesses across diverse industries, and generated hundreds of millions in tax benefits. Our highly skilled team of professionals possess in-depth knowledge and extensive experience, enabling us to deliver real tangible value that drives growth and success for our clients.

Our ISO 9001 accreditation exemplifies our unwavering commitment to excellence and a client-centric approach. We adhere to the stringent Professional Conduct in Relation to Tax (PCRT) compliance and are an Anti-Money Laundering (AML) registered Company, as mandated by HMRC in the UK. This positioning solidifies us as a leading professional Tax Incentives firm in the UK and Ireland.



Partnering with Momentum, you can expect unparalleled expertise, personalised solutions, and a relentless pursuit of excellence. Our commitment to quality and professionalism ensures that your tax incentive needs are met with the utmost care and attention to detail.

We are ISO 9001 accredited, Professional Conduct in Relation to Tax (PCRT) compliant and registered with HMRC as required by the UK government's Anti-Money Laundering legislation.

Clients Success

We take pride in our services to our clients. Here are some of the case studies we have helped over the years!

Manufacturing, Armagh, Northern Ireland

Our client is a well-known innovative producer of capital equipment. In their most recently claimed reporting period, Momentum's technical team assisted in the identification and reportage of several valid R&D projects. Reviewing multiple shortlisted bodies of work in person with the project team, we assisted the client's management team in navigating the differences between product development initiatives and claimable R&D projects, delivering a submission-ready detailed technical report complete with calculated tax benefit options.

Identified claimable projects included the continued design and development of a novel compact yet high-capacity batching station; the design, prototyping and field testing of an innovative concrete reclaimers to maximise recovery from washouts and returned part-loads; and the development of an extreme heavy-duty mobile trommel.

Each project systematically addressed numerous identified technological

uncertainties in pursuit of the company's sought appreciable advancements, contributing to the sector's knowledge and technology. Momentum's industry technical team reviewed and collated the project work, while our experienced finance team liaised with the client and their external accountant to ensure that all claimable costs and the company's financial position were fully considered to calculate the available benefit and options.

All information was prepared and incorporated into a case-specific comprehensive technical report for submission to HMRC. The process gained the client a significant tax benefit based on their investments in staff, consumed materials, subcontractors, utilities and software.



Electrical Engineering, Glasgow, Scotland

Our client based in Glasgow provides electrical engineering solutions to the submersible and subsea industry. This company sought to develop a substantially improved holistic system for submersible control. This relocated a substantial portion of the electrics and electronics which drive and control a submersible into one module. This was then able to be mounted in a specially designed capsule, capable of withstanding the extreme environments encountered during deep dive expeditions.

To qualify for R&D Tax Credits the projects must aim to overcome a scientific and technological uncertainty. The idea behind this project was to minimise submersible design and manufacturing complexity and

improve operational efficiency. An innovative retractable power core was developed for ease of installation and maintenance, along with a unique motor controlling mounting arrangement, manufactured from machined aluminium, to deliver a novel thermal conduction cooling solution.

Going through our 5-step process, we were able to quickly identify whether our client was eligible and seeing each project up close through skilled observation, our technical team were able to ascertain where the R&D had taken place. Each project was carefully reviewed and submitted according to HMRC guidance. The result? Delight from the customer at the benefit Momentum Group obtained.

Packaging and Supply, Leeds, England

This client, from humble beginnings has grown to become one of the leading firms in the UK and Europe in their industry. With hubs based across the UK and Ireland, along with a global presence, they work with many of the world's leading brands to create a vast array of packaging types – from pouches and sleeves to labels, cans, and shelf-ready packaging. There were several projects being worked on that meet the criteria:

The company sought to increase its already market leading knowledge and expertise in digital print technology by attempting to extend the boundaries of what substrates are deemed printable materials, expand achievable colour gamut's, and minimise printable 3D shape limitations. They sought to do this by appreciably improving fingerprinting processes as they relate to both flexographic plates and sleeves, to enhance and optimise print quality across a broad spectrum of presses, inks, and substrates.

The company sought to develop new novel automated workflow processes for the flexographic printing and plate manufacturing industry, to appreciably improve efficiency, accuracy, and quality. They also sought to integrate numerous production systems and software platforms into one holistic order to delivery process to minimise human intervention and enhance order traceability.

With the number of projects across separate hubs, the Momentum Group's technical team were able to cover all grounds and comprise a fully comprehensive R&D tax credit report for HMRC for all sites.

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