

need to know

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Research and Development (R&D) Tax Relief

This information has been provided by Myriad Associates, a specialist consultancy dealing with all aspects of Research and Development (R&D) Tax Relief, Video Games Tax Relief, and R&D Grant Funding, who are Ukie associate members. The information in this leaflet is of a general nature only.

R&D Tax Relief can improve your company's cash position by reducing its Corporation Tax liability. It's one of the government's top incentives to encourage investment in research and development. Your company could receive cash credits for projects worked on from as long as two years ago. Your company can even benefit from R&D tax credits if you are making a loss.

Companies working in the UK games industry could claim an R&D tax credit cash benefit for projects that include, for example:

- + developing game engine software;
- + designing landscape and terrain generation systems;
- + optimising your products for mobile hardware and screen refresh rates;
- + developing augmented reality technology;
- + creating novel data management techniques.

Understanding the rules on R&D Tax Relief

According to government's rules and guidance on R&D Tax Relief, a company performs qualifying R&D activities when it seeks to advance a technology, or to resolve a technological uncertainty. In addition, appreciable improvements in existing technology may qualify for R&D tax relief, although routine work, such as adding a new feature to an existing software product, will not.

A key test of whether work can be considered as R&D is whether your project team faced technological uncertainties at the start of the project. That means that your team did not know at the outset whether or not a particular technological goal was achievable. If you can show that your project goes beyond applying existing technologies and you can demonstrate that it breaks new ground, then you can claim R&D Tax Relief.

What type of development activities qualify for R&D Tax Relief?

Common examples of directly qualifying R&D activities include:

- + defining technical objectives;
- + identifying uncertainties;
- + feasibility studies;
- + reviewing new and competing technologies;
- + researching or evaluating software;
- + analysing and designing technology;
- + producing technical specifications or other software development documents;
- + writing and testing software;
- + planning and controlling projects, including: estimating; scheduling; managing resources; and planning quality assurance testing
- + developing tools or processes to support R&D work

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In addition, certain indirect activities may qualify for R&D Tax Relief, such as:

- + administration, finance and personnel services specifically required to support R&D activities;
- + training to support R&D.

What is Video Games Tax Relief?

Video Games Tax Relief (VGTR) is a government scheme that invites UK game developers to apply to HMRC for generous tax relief. VGTR is also called UK Games Tax Relief.

Computer games that meet a 'Britishness' cultural test can be developed for any of the following platforms:

- + video consoles
- + PCs
- + Smartphones, tablets, and other mobile devices

Should you choose R&D Tax Relief or VGTR?

You can apply for both Video Games Tax Relief and R&D Tax Relief however, you may only make a claim for a particular project cost against one of these schemes, not both. As a rule, your company can maximise its overall tax relief by applying for both schemes and claiming specific costs against one scheme or the other on a project-by-project basis.

By studying your projects and assessing their costs, Myriad Associates can establish which project costs to claim under which scheme in order to optimise your company's tax relief.

The Myriad Associates approach

By profiting from our specialist knowledge and experience, you can be sure of maximising your R&D tax relief claim. In our experience, Myriad Associates submits R&D tax claims up to three times higher than claims prepared in-house or claims filed by generalist accountants.

- + We handle your R&D claim from start to finish, and our specialist consultants minimise the time you have to put in, usually to just two to three hours.
- + We can maximise your R&D claim because, with our vast experience of putting together R&D claims, we know precisely what activities you can claim for and how much you can claim.
- + We write technical reports on your behalf that help R&D tax inspectors understand your work and approve your claim.
- + We make sure HMRC handles your claim quickly, not only because we have a right-first-time approach but also because of our outstanding relationship with R&D tax inspectors, to whom we speak daily.
- + Our 5-Step Claim Process is simplicity itself, meaning you'll always know where we are with your claim.

How can Myriad Associates help?

As the leading expert in tax relief for UK game developers, Myriad Associates is your best choice for supporting an application for Video Games Tax Relief (VGTR), especially if you are looking to combine R&D Tax Relief with VGTR.

Working with Myriad Associates will ensure that you obtain maximum tax relief available from both schemes.

What should I do next?

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