



**M+A**

## Partners

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# Relief for unsuccessful Research and Development (R&D)

**M+A Partners** has been helping clients to grow their businesses and achieve their ambitions for over a century - and we're immensely proud of our history.

We are a forward-looking firm with an emphasis on innovation, new technology and finding pioneering ways to give our clients the best possible service.

Our Norfolk-based firm is led by nine partners who are some of the most high-profile and well-respected experts in their fields locally, supported by a talented team of over a hundred staff.

We have a well-earned reputation for building excellent relationships with clients and the wider business community. That has always been, and continues to be, our number one priority.

**R&D offers a valuable tax incentive for businesses seeking to solve scientific or technological uncertainty.**

**Many businesses celebrate their success in the resolution of this uncertainty, but what about the instances where an R&D project is abandoned as a result of overwhelming scientific or technological complexities.**

**Is it possible to claim the R&D tax credit even where the project is unsuccessful? The very simple answer is Yes.**

Provided an advancement is a qualifying project for R&D purposes, even abandoned or unresolved activities may meet the requirements for R&D tax relief.

The guidance in relation to abandoned projects being qualifying projects is very clear:

“ Not all projects succeed in their aims. What counts is whether there is an intention to achieve an advance in science or technology, not whether ultimately the associated scientific or technological uncertainty is completely resolved, or resolved to the degree intended. Scientific or technological planning activities associated with projects which are not taken forward e.g. because of insurmountable technical or commercial challenges are still R&D. ”

If you have undertaken work to resolve scientific or technological uncertainty but have been unsuccessful in the process, it is worth considering making an R&D tax credit claim to reduce the cost of the project.

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## The Relief

From 1 April 2023, R&D relief for qualifying revenue expenditure increases the amount that is deducted from taxable profit to 186% for expenditure incurred by an SME. Prior to 1 April 2023, qualifying revenue expenditure increased the amount that is deducted from taxable profit to 230%.

Large companies are subject to a separate regime which is beyond the scope of this factsheet.

Where an SME is loss-making in a period in which qualifying expenditure is incurred, it can surrender this loss in exchange for a payable credit of 10% from 1 April 2023 - HMRC will make a cash repayment to the business. Prior to 1 April 2023, the loss could be surrendered for a payable credit of 14.5%.

However, to provide further support for loss-making R&D intensive SME's, a SME payable credit of 14.5% will continue to apply for expenditure incurred on or after 1 April 2023. A company is considered R&D intensive where its qualifying R&D expenditure is worth 40% or more of its total expenditure.

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## Next step

If you have undertaken projects in which you have faced insurmountable scientific or technological challenges, why not have an initial discussion with one of our specialists (details right) to see how you might be able to benefit from this generous regime.

You may also like to visit [mapartners.co.uk](https://mapartners.co.uk) and view our **free online resources**.



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