



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.

## The Relief

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For accounting periods beginning on or after 1 April 2024, a new merged R&D scheme has been introduced by the government. All companies, regardless of size, will receive an above the line credit under the merged scheme. This means it can be offset against the company's tax liability, or paid in cash.

**See our separate factsheet for full details.**

For accounting periods beginning before 1 April 2024, R&D relief for qualifying revenue expenditure increases the amount that is deducted from taxable profit to 186%. Prior to 1 April 2023, qualifying revenue expenditure increased the amount that is deducted from taxable profit to 230%.

Large companies were 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% for accounting periods starting before 1 April 2024. 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 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.





## How M+A Partners can help

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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 at **M+A Partners** to see how you might be able to benefit from this generous regime.



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through our team fulfilling their potential  
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