

Research and Development (R&D) – The building blocks of the property & construction industry

Many companies in the property & construction industry do not believe they qualify for R&D tax reliefs but we have saved our clients in this sector almost £500,000 in tax so can you afford to miss out?

A property or construction project does not simply become reality and every project has unique challenges. Although R&D requires advances in science and technology we encourage our clients to look at R&D as “Resolving Difficulties” which are invariably faced in many innovative projects.

So in an industry with a rich history of innovation right up to the present day where buildings touch the sky why are so few companies making R&D claims? Here are some of the common barriers we have overcome when making successful claims:

The government don't just give away such generous tax reliefs, it sounds too good to be true?



The R&D tax reliefs are generous but they reduce corporation tax which makes up a small proportion of government tax receipts, they receive almost half from income tax/NIC so they are giving innovative companies tax relief hoping they will grow, employ more staff and ultimately pay more tax in total. This doesn't mean you should miss out on these R&D tax reliefs offered



But we are in the property and construction industry, surely this is just for men in white coats working in labs?



R&D is relevant to any business in any sector, try to see R&D as “Resolving Difficulties” through science or technology, it doesn't even need to result in something new it could just be an improvement to an existing process or product in the property and construction industry.



That's great but we made a loss so we haven't actually paid any tax



Actually if you are loss making, even though you have not paid tax, HMRC will pay you an R&D tax credit repayment so you could still benefit



We have worked with a number of companies in the property and construction industry who initially assumed they wouldn't qualify, here are some examples of successful R&D claims made for our clients:

Company Activity	Scenario	R&D Tax Saving/Refund*
Architects	Sustainable housing design including low carbon initiatives and energy efficiency projects including retrofitting.	£131,000
Structural engineering consultants	Architecture, design and engineering around the use of glass and other innovative materials in building construction	£77,000
Demolition	Improved process for recycling as part of waste management and associated waste plant	£82,000
Architects	Innovative use of materials in construction projects and internal software development	£36,000
Construction materials distributor	Development of non-slip construction surface and other innovative products to be used in construction industry	£28,000

* To date.

All very interesting but what do the R&D tax reliefs look like in real money:

Identify £100,000 of qualifying expenditure and you could save tax of up to £26,000

Not paying tax? Well that £100,000 could still get you an R&D tax credit repayment of £33,350.

If you require any further information on any of the issues raised above or would like help in making an R&D claim, please email Andrew England at aengland@menzies.co.uk or Anthony Lalsing at alalsing@menzies.co.uk