ZAZEN TAX

R&D Claim

About an hour against your projects and your ledger, and worth it before anyone drafts a claim: software claims are where HMRC enquiries concentrate, and the claims that survive are the ones built on records kept at the time.

Company .... **Period of account** .... **Prepared by** ....

Run this in order. The first section decides whether there is a claim at all, the second protects the deadlines that kill claims outright, and the rest build the file an enquiry will one day ask for.

1. The gateway, honestly — about 10 minutes

- [ ] **Name the scientific or technological uncertainty**
  Not a business problem, a technical one: something a competent professional in the field could not readily resolve from public knowledge. Write it in one sentence; if you cannot, there is no claim.
- [ ] **Name the advance sought, beyond your own product**
  An advance for the field, not just for your codebase. Using an established framework in an established way is routine development and does not qualify.
- [ ] **Name the competent professional making that judgement**
  HMRC expects the judgement to come from someone qualified in the field, named in the claim, not from an agent working on commission.

2. The deadlines that kill claims — about 15 minutes

- [ ] **First claim, or none in the last three years: submit the claim notification within six months of the end of the period of account**
  Miss it and the claim is invalid however good the records. Diarise it at year end, not at filing.
- [ ] **Prepare the Additional Information Form before the return**
  The AIF is mandatory for every claim: projects, the uncertainty, the advance, costs by category, and the agent details. A return claiming relief without one is treated as if the claim were never made.
- [ ] **Check which regime the period falls under**
  The merged scheme covers accounting periods beginning on or after 1 April 2024. Loss-making and spending 30 per cent of total costs on R&D: test ERIS as well, which pays up to 26.97p per pound.

> THE SIX MONTHS NOBODY DIARISES
>
> A first-time claimant who misses the claim notification window has no claim, at all, for that period. It falls six months after the period of account ends, long before most companies think about the tax return.

3. The evidence, kept as you go — about 15 minutes

- [ ] **Write the uncertainty and the advance down during the work**
  A contemporaneous note beats a reconstructed narrative every time. The R&D Claim Evidence Workbook holds the wording and the dates.
- [ ] **Apportion staff time honestly, month by month**
  Nobody senior does R&D 100 per cent of the time. Support, sales calls and routine maintenance come out; an enquiry tests the apportionments first.
- [ ] **Split costs by category: staff, externally provided workers, software, cloud and data**
  Externally provided workers are restricted to 65 per cent of the payment. Cloud compute and data licences qualify where they serve the R&D.

- [ ] **Check the overseas rule for contractors and agency workers**
From April 2024 overseas contractor and agency costs are generally excluded unless the work has to happen abroad for reasons beyond cost or availability.

4. The numbers about 10 minutes

- [ ] **Apply the merged scheme rate and the tax on it**
The credit is 20 per cent of qualifying spend and it is taxable: a profit-maker nets 15 per cent, a loss-maker around 16.2. On £180,000 of spend that is £27,000 or £29,160, as the R&D Tax Relief Calculator shows.

- [ ] **Check the PAYE cap on payable credit**
Payable credit is capped at £20,000 plus 300 per cent of the company's PAYE and NIC bill. A company of contractors with no payroll hits it fast.

- [ ] **Under the merged scheme, confirm who claims subcontracted work**
Broadly the company that decided to do the R&D claims, not the one that merely executed it. Contracts decide; read them before both sides claim.

5. Enquiry readiness about 10 minutes

- [ ] **Read the claim as an inspector would**
Would the narrative convince a software engineer, not a marketer? Volume boilerplate is the pattern HMRC now rejects wholesale.

- [ ] **Be able to produce the records within a month**
Timesheets or apportionment notes, the technical narrative, contracts for any subcontracted work, and the cost ledger, filed together.

- [ ] **Know your agent, and their enquiry record**
Commission-only R&D shops wrote the claims now being clawed back with penalties. If the pitch is that everything qualifies, it is the pitch that fails.

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