



LEYTON
A better way

**INNOVATION PAYS:
A GUIDE TO R&D TAX RELIEF**



The background of the slide is a photograph of a demolition site. A large, multi-story brick building is being dismantled, with a massive plume of brown dust and debris rising from the top. In the foreground, there are other brick buildings, including one with a white chimney pipe and another with a blue door. A street lamp is visible in the lower center.

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Introduction to R&D scheme

R&D Definitions

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R&D Tax – How it works

SME R&D Tax Relief	R&D Expenditure Credit Tax Relief (RDEC)
<p data-bbox="173 546 410 604"><500 Staff</p> <p data-bbox="155 694 435 851"><€100m Turnover or <€86m Net assets</p> <p data-bbox="180 915 397 953">Below the line</p> <p data-bbox="155 1008 410 1100">up to 33% (Loss)</p> <p data-bbox="231 1139 351 1232">26% (Profit)</p>	<p data-bbox="619 546 856 604">>500 Staff</p> <p data-bbox="601 694 881 851">>€100m Turnover or >€86m Net assets</p> <p data-bbox="631 915 848 953">Above the line</p> <p data-bbox="682 1008 802 1100">12% (Pre-Tax)</p> <p data-bbox="670 1139 815 1232">9.6% (Post-Tax)</p>

- The R&D scheme allows you to claim back between 25-33% (SME) of costs relating to activity that meets HMRCs definitions of Research & Development.
- This process works retrospectively, assessing the costs and activities of historic tax years, capped at two previous tax years.
- The tax benefit, can either be received as a corporation tax refund, tax credit or an enhancement to existing losses.

R&D Cost Categories



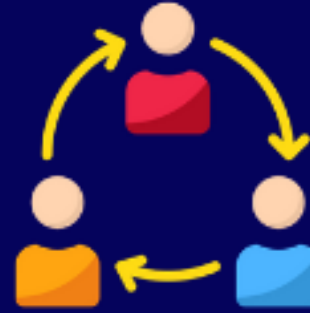
Staffing



Software



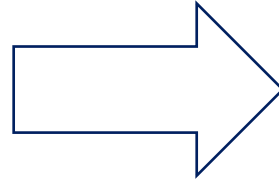
Subcontracting



Agency (EPW)



Consumables



Technological Advancement

R&D for tax purposes takes place when a project seeks to achieve an advance in process, product, material, device or service.

This is what we are
going to try and
achieve

Example:

Development of novel demolition techniques and structural interventions to allow for the reuse of a partially fire damaged building





Technological Uncertainty

The **ACTIVITIES** which directly contribute to achieving this advancement through the resolution of scientific or technological uncertainty are R&D.

This is what we
need to overcome
to achieve our
advancement

Example:

The design of a long-term structural solution was particularly challenging as the excessive heat during the blaze had produced steel warpage in the fire damaged sections of the site.



Site-specific Challenges

The very nature of demolition means that many technological uncertainties faced by your team are due to specific constraints imposed upon development projects. If these constraints result in a gap in technical understanding, then the work done to overcome this uncertainty can be claimed under the R&D tax relief scheme.

Innovation in Demolition

Façade Retention

Often, these projects include developing bespoke structural bracing to support the façade while the rest of the building is being removed. Additionally, unique demolition strategies are often developed to ensure that the deconstruction does not jeopardize the structural integrity of the façade to be retained

Industrial Demolition

Demolition on both live and derelict industrial sites can prove challenging. Structures are often complex, one-of-a-kind buildings which were not constructed with ease of demolition in mind. The presence of hazardous chemicals and materials can limit the demolition methodology which can be adopted. Due to the unique nature of such structures, a bespoke demolition solution is often required.

Common Misconceptions



“My project needs to be ground-breaking in order to qualify”

“I never paid corporation tax last year so I can't claim”

“My client's pays me for the work I do, how can I then claim tax back on this?”

“HMRC could pull the plug on this tax scheme”

Changing Market Conditions

Evolving Market

- 100-130 new HMRC inspectors
- NAO report on fraud
- Long-drawn out defences

Learnings so far

- Legislative interpretation issues
- Lack of evidence
- Methodologies and boundaries

HMRC

Opportunity

- Claim methodology refresh
- Reduce risk profile
- Maximise claim value

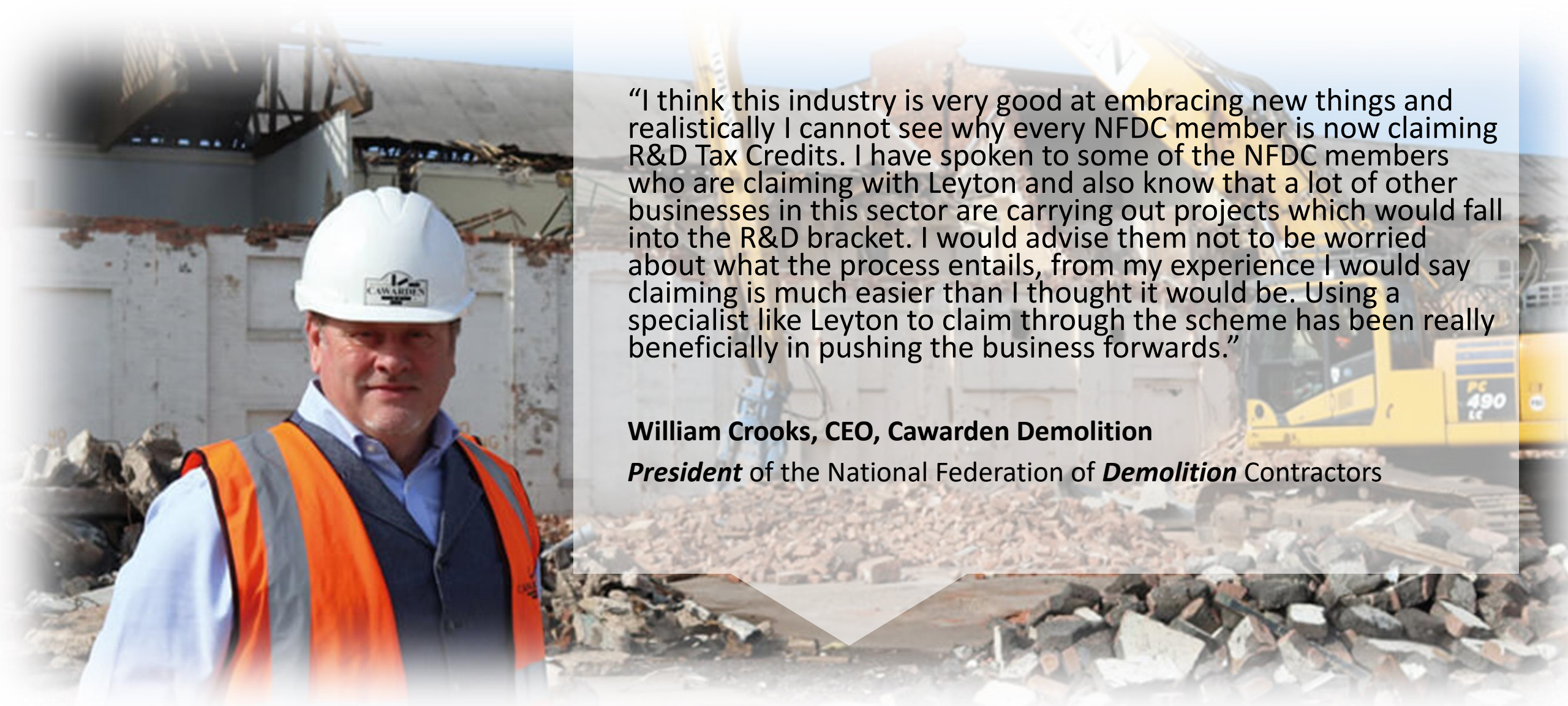
Advice from an NFDC member



“I think this industry is very good at embracing new things and realistically I cannot see why every NFDC member is now claiming R&D Tax Credits. I have spoken to some of the NFDC members who are claiming with Leyton and also know that a lot of other businesses in this sector are carrying out projects which would fall into the R&D bracket. I would advise them not to be worried about what the process entails, from my experience I would say claiming is much easier than I thought it would be. Using a specialist like Leyton to claim through the scheme has been really beneficially in pushing the business forwards.”

William Crooks, CEO, Cawarden Demolition

President of the National Federation of ***Demolition*** Contractors



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