

This is the final year for companies to take advantage of the six-year time limit for claiming R&D tax relief

Last year the Chancellor announced in his Budget report a reduction in the time limit for making retrospective claims from six years after the year end to just (in most cases) two, effective from 31 March 2008.

A transitional measure places a long stop deadline of the same date for claims for years ending before 31 March 2006 so, for example, a claim for a company's year ended 31 December 2004 should be submitted by 31 March 2008. Under the old rules the deadline would have been 31 December 2010.

What practical effect does the change in time limit have? In the long term, it means attention will of course need to be given to the R&D tax relief claim much earlier. With the change in the rules, it is even more important for companies to start the claim process in "real time", so that the claim is ready to submit as soon as possible after the year end. But it is during this transitional period that the effect will be stongest.

Companies that have yet to submit claims as far back as 2001 or 2002 must give the process of preparing these "catch up" claims urgent attention in order to meet the 31 March 2008 deadline, which is now only some 9 months away.

SME companies have the facility to receive a cash payment for R&D in return for surrendering tax losses, for which a specific two year time limit remains in place. The new rules mean that all companies will need to meet the same deadline to claim R&D tax benefits .

Companies that have yet to put in a retrospective R&D tax relief claim need to act now to meet the 31 March 2008 deadline, or lose their entitlement for early years completely.

As a leading independent R&D tax relief service provider, we have the right combination of skills and experience to help companies identify their eligible R&D acitivities, prepare and submit the claim, and if necessary deal with HMRC enquiries.

So don't leave it too late - contact Pronovotech to find out how you could benefit.



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If you would like to discuss any aspect of R&D tax relief, please contact Pronovotech on 01223 235500 or by e-mail to richard.lewis@pronovotech.com