

R&D Tax credits

Navigate the
new landscape
& maximise
your claim

Now, for tomorrow

The Challenge

The UK's R&D tax credit regime has undergone significant changes. For fund and investment managers, these changes present both opportunities and challenges. Staying informed is crucial to maximising your claim and ensuring compliance.

Key changes and their impact:

Expanded scope

- Costs associated with cloud computing and dataset acquisition are now eligible, potentially boosting your claim. This is particularly relevant for funds and IMs who rely heavily on these resources for data analysis, algorithmic trading, and AI/ML development.
- Strict conditions apply to the allowability of these costs. MHA can help you navigate these complexities and ensure you're claiming correctly.

Mathematics as an eligible activity

- The definition of R&D has been broadened to include pure mathematics. This is a game-changer for funds and IMs employing highly skilled mathematicians/statisticians to develop innovative financial models and algorithms.
- The significant resource costs associated with your "quants" function can now be leveraged for R&D tax relief.

Increased compliance

- HMRC is increasing its focus on R&D compliance, particularly in the financial services sector.
- Clear and comprehensive technical documentation is crucial to support your claim and avoid costly enquiries. This is especially important for complex projects involving mathematical advancements, AI/ML, and technology integrations.

Restrictions on overseas costs

- For accounting periods starting on or after 1 April 2024, overseas development costs are generally no longer allowable. This impacts funds and IMs who rely on overseas contractors or entities for technology solutions.
- MHA can help you restructure your R&D activities and explore alternative solutions to mitigate the impact of these restrictions.

Subcontractor rule changes

- The entity performing the R&D (i.e. the 'doer'), not the one paying for it, generally has the right to claim. This requires careful consideration of contractual arrangements and ownership of IP.
- MHA can help you navigate these changes, review supplier contracts, make recommendations, and ensure you're claiming correctly.

Why MHA?

- Deep expertise: Our team understands the intricacies of R&D tax credits and the specific challenges facing fund and investment managers.
- Tailored solutions: We provide personalised guidance and support to help you navigate the new landscape and maximise your claim.
- Compliance assurance: We ensure your claims are robustly documented and compliant with HMRC regulations.

What can I do now?

Don't miss out on valuable tax relief. Contact our Research & Development Tax Credit team today for a no-obligation consultation and let our experts help you optimise your R&D tax credit strategy.



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