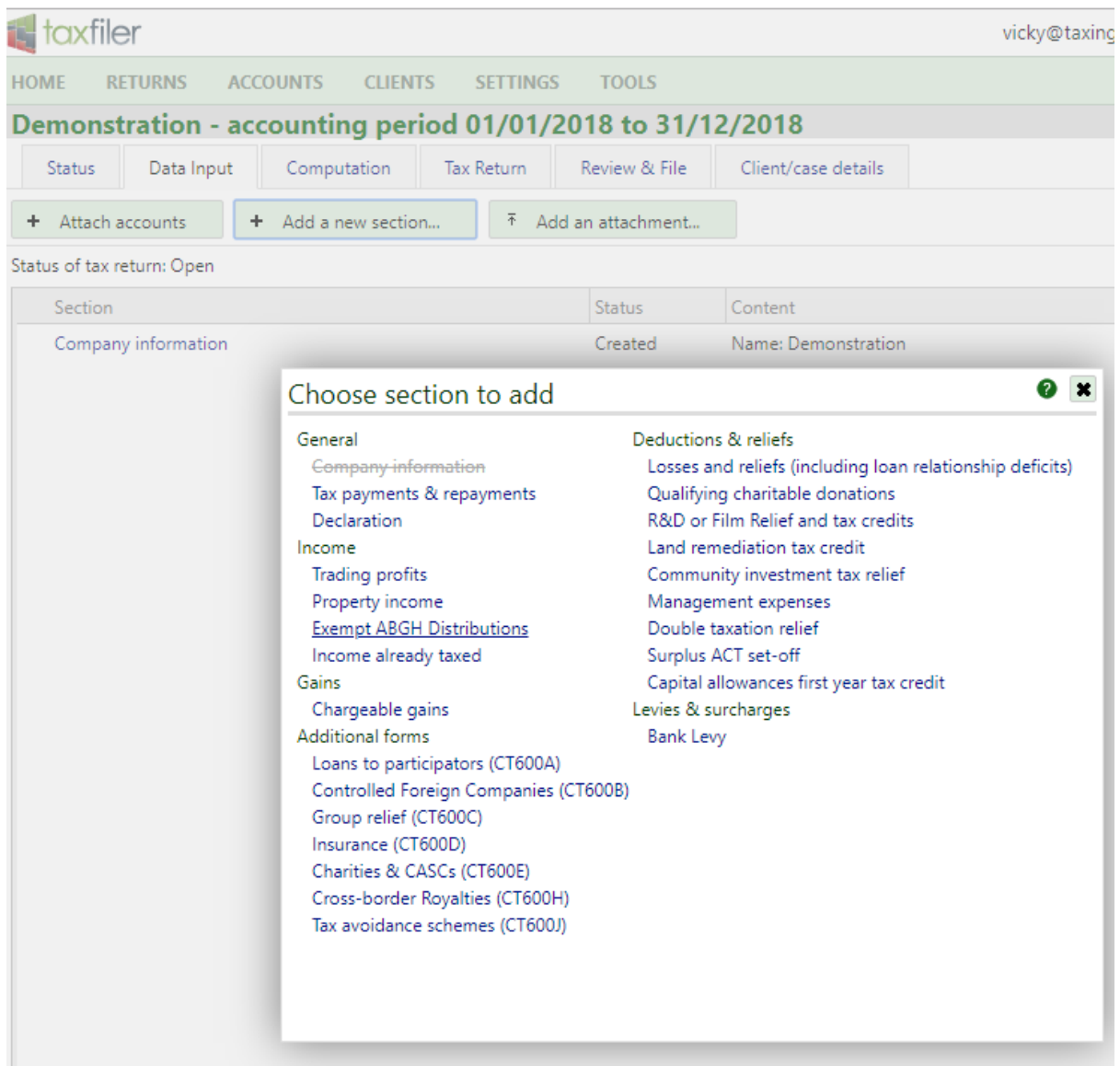


Filing an SME R&D claim using Taxfiler Software

It is essential to know exactly how and where to put your R&D claim figures on the tax computation and follow them through to the CT600. Getting this wrong will impact on your whole claim and could lead to an enquiry with HMRC. The following guidance takes you through the claims process using Taxfiler Software.

Once you have created your company and completed company information you need to create a new tax return so start by putting in the period dates and press save.

Add trading profit section from the data input screen



The screenshot shows the Taxfiler software interface. The top navigation bar includes 'HOME', 'RETURNS', 'ACCOUNTS', 'CLIENTS', 'SETTINGS', and 'TOOLS'. The user is logged in as 'vicky@taxing'. The main heading is 'Demonstration - accounting period 01/01/2018 to 31/12/2018'. Below this, there are tabs for 'Status', 'Data Input', 'Computation', 'Tax Return', 'Review & File', and 'Client/case details'. The 'Data Input' tab is active, and a modal window titled 'Choose section to add' is open. The modal window lists various sections for selection, categorized into General, Income, Gains, and Deductions & reliefs.

Section	Status	Content
Company information	Created	Name: Demonstration

General	Deductions & reliefs
Company information	Losses and reliefs (including loan relationship deficits)
Tax payments & repayments	Qualifying charitable donations
Declaration	R&D or Film Relief and tax credits
Income	Land remediation tax credit
Trading profits	Community investment tax relief
Property income	Management expenses
Exempt ABGH Distributions	Double taxation relief
Income already taxed	Surplus ACT set-off
Gains	Capital allowances first year tax credit
Chargeable gains	Levies & surcharges
Additional forms	Bank Levy
Loans to participators (CT600A)	
Controlled Foreign Companies (CT600B)	
Group relief (CT600C)	
Insurance (CT600D)	
Charities & CASCs (CT600E)	
Cross-border Royalties (CT600H)	
Tax avoidance schemes (CT600J)	

Put in the normal adjustments such as depreciation and capital allowance here. You also put in your enhanced R&D figure in this section.

Less: allowable deductions not in accounts

Enhanced Research & Development expenditure	<input type="text"/>	<input type="button" value="Edit..."/>
Land remediation additional deduction	<input type="text"/>	<input type="button" value="Edit..."/>
Other deductions from trade profits	<input type="text"/>	<input type="button" value="Edit..."/>
Net Capital Allowances	12,500	

Taxable trade profits

Click on enhanced Research and development expenditure

Enhanced Research & Development expenditure

Description	Per accounts	Type	Additional %	Enhancement
Total	0			0

Enter the R&D cost here as per the 100% in the accounts, choose type – R&D SME and the additional 130% will be calculated. Save the changes.

Go to add a new section and add R&D or film relief

Choose section to add

General <ul style="list-style-type: none">Company informationTax payments & repaymentsDeclaration	Deductions & reliefs <ul style="list-style-type: none">Losses and reliefs (including loan relationship deficits)Qualifying charitable donationsR&D or Film Relief and tax creditsLand remediation tax creditCommunity investment tax reliefManagement expensesDouble taxation reliefSurplus ACT set-offCapital allowances first year tax credit
Income <ul style="list-style-type: none">Trading profitsProperty incomeExempt ABGH DistributionsIncome already taxed	Levies & surcharges <ul style="list-style-type: none">Bank Levy
Gains <ul style="list-style-type: none">Chargeable gains	
Additional forms <ul style="list-style-type: none">Loans to participators (CT600A)Controlled Foreign Companies (CT600B)Group relief (CT600C)Insurance (CT600D)Charities & CASCs (CT600E)Cross-border Royalties (CT600H)Tax avoidance schemes (CT600J)	

Add in the enhanced costs £690,000

| Status: ▼ |

Enhanced expenditure

R & D Tax Credit

Above The Line R & D Tax Credit

R&D and Film Relief enhanced expenditure

Claim for films expenditure?	<input type="checkbox"/>
Claim by SME or SME subcontractor?	<input checked="" type="checkbox"/>
Claim made by large company?	<input type="checkbox"/>
R&D or films enhanced expenditure	<input type="text" value="690,000"/>
R&D enhanced expenditure of SME on work sub-contracted	<input type="text"/>

Film Tax Credit

Unrelieved trading losses available for surrender	<input type="text"/>
Loss surrendered for Film Tax Credit	<input type="text"/>
Film Tax Credit claimed	<input type="text"/>

Choose R&D Tax Credit Tab next

Tick the box to surrender the losses for tax credit, save the changes.

✓ Save changes | ⌂ Cancel | Status: Created ▼ | 🗑 Delete Section

Enhanced expenditure | R & D Tax Credit | Above The Line R & D Tax Credit

Research and Development Tax Credit

Surrender trade losses for R&D Tax Credit?

Enhanced expenditure from trade (A)	690,000
Unrelieved trade losses for period (B)	177,500
Surrenderable loss (lower of A and B)	177,500
Rate	14.5%
R & D tax credit @ 14.5%	25,737.50

Override calculated Tax Credit

i If you override the calculated tax credit please attach your computation to the tax return.

Override calculated tax credit?

Losses surrendered for R&D tax credit	177,500
R&D tax credit	25,737.50

Save the changes and look at the tax comp. If you have changed any of the figures make sure you tab through the Trading Profit tabs as they don't update with changes until you tab though.

The tax computation produce is below

Demonstration - Computation

Name: **Demonstration**
 Tax reference: **1223674556**
 Period: **01/01/2018 to 31/12/2018**

A. Corporation Tax		£	£
	Profits chargeable to corporation tax		<u>0</u>
C	Research and Development tax credit		<u>(25,737.50)</u>
	Tax overpaid		<u><u>25,737.50</u></u>
B. Trading profits		£	£
	Profit/(loss) per accounts		200,000
	Add disallowable expenses		
	Depreciation	<u>25,000</u>	25,000
B1	Enhanced Research & Development expenditure		<u>(390,000)</u>
B2	Capital allowances		<u>(12,500)</u>
D	Trading loss		<u><u>177,500</u></u>
B1. Enhanced expenditure for research and development		£	£
		Per Accounts	Additional % Enhancement
		300,000	130%
		<u>300,000</u>	<u>390,000</u>

B3. Plant & machinery - Main pool		£	£
	Expenditure qualifying for annual investment allowance	12,500	
	Annual investment allowance claimed	<u>(12,500)</u>	12,500
	Written down value carried forward	<u>0</u>	
	Total allowances claimed		<u><u>12,500</u></u>

C. Research & Development Tax Credit		£
B1	Research & Development expenditure	300,000
B1	Research & Development enhancement	390,000
	Total enhanced R&D expenditure	<u>690,000</u>
D	Trading loss remaining after reliefs	177,500
	Surrenderable loss (lower of enhanced expenditure and unrelieved losses)	177,500
	Payable tax credit = £177,500 @ 14.5%	<u><u>25,737.50</u></u>

D. Loss reconciliation		£
	Trade losses in period	177,500
C	Loss surrendered for Research & Development Tax Credit	<u>(177,500)</u>
	Unused trading losses arising after 1 April 2017 to carry forward	<u><u>0</u></u>

That's it, your return has now been correctly amended for R&D. Don't forget to attach the detail of the qualifying costs and the Technical Justification as pdf files before submission. Hopefully this

article has helped with the submission process but if you are unsure of the tax position of the company then please get in touch and we can discuss the best way forward.