

CCH Corporation Tax



Research &
Development

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Introduction

About this Course

Aims

To provide instructions on how to treat Research and Development expenditure in CCH Corporation Tax

Objectives

After completing this course delegates will be able to:

- Analyse R&D expenditure within CCH Corporation Tax
- Create a detailed R&D expenditure analysis
- Create a summary R&D analysis
- Enter Investment Ledger transactions.
- Analyse R&D expenditure from the Profit and Loss account
- Unlink Research & development expenses
- Calculate R&D tax credits

Pre-Requisites

It is expected that all delegates on this course have:

- A basic understanding of CCH Corporation Ta software
- A basic understanding of Corporation Tax
- A basic understanding of a Research & Development tax implications

Who is the course for?

This course is intended for anyone who will be responsible for analyzing R&D expenditure within CCH Corporation Tax

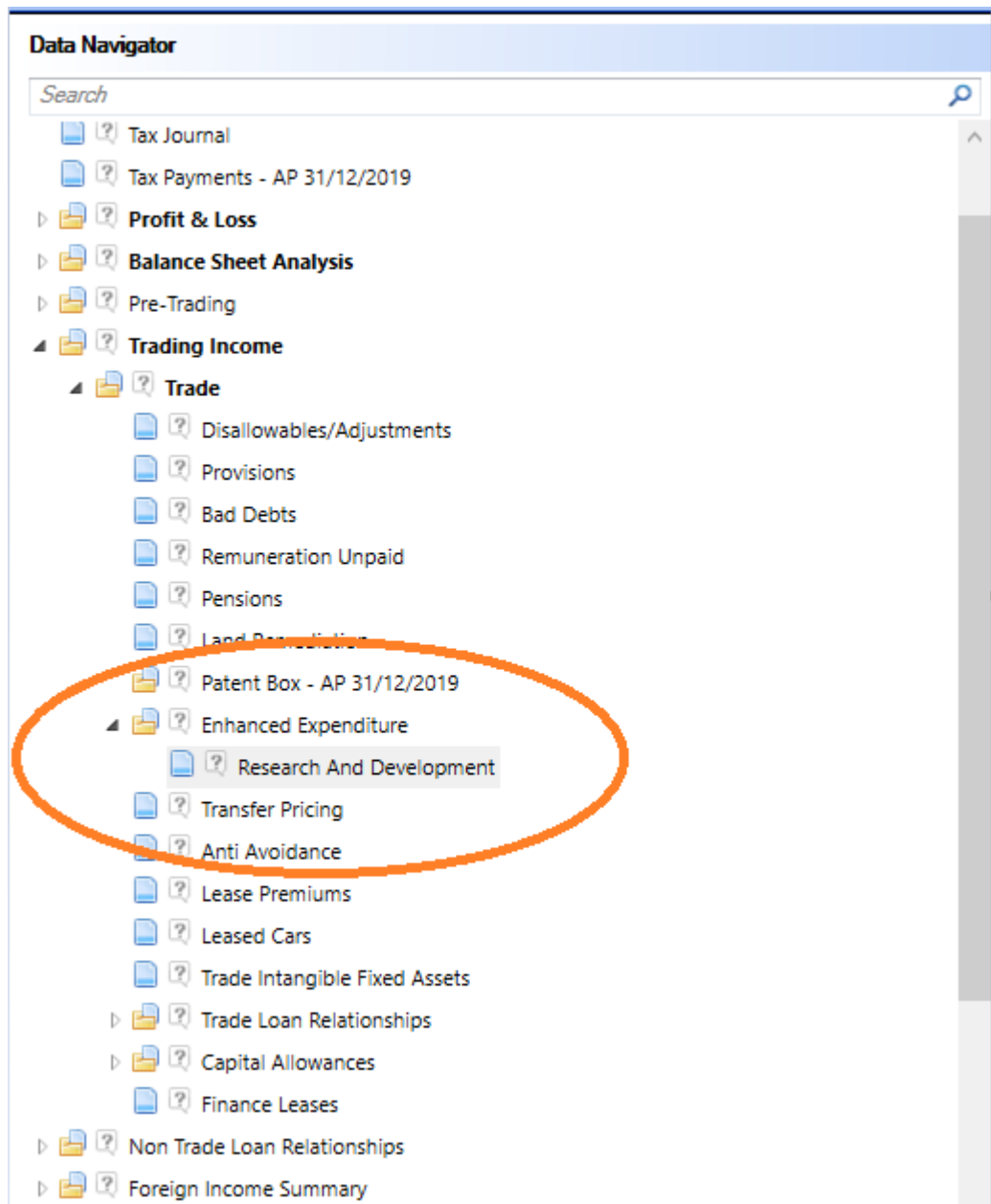
Research & Development

Research and Development (R&D) tax relief supports companies that work on innovative projects in science and technology.

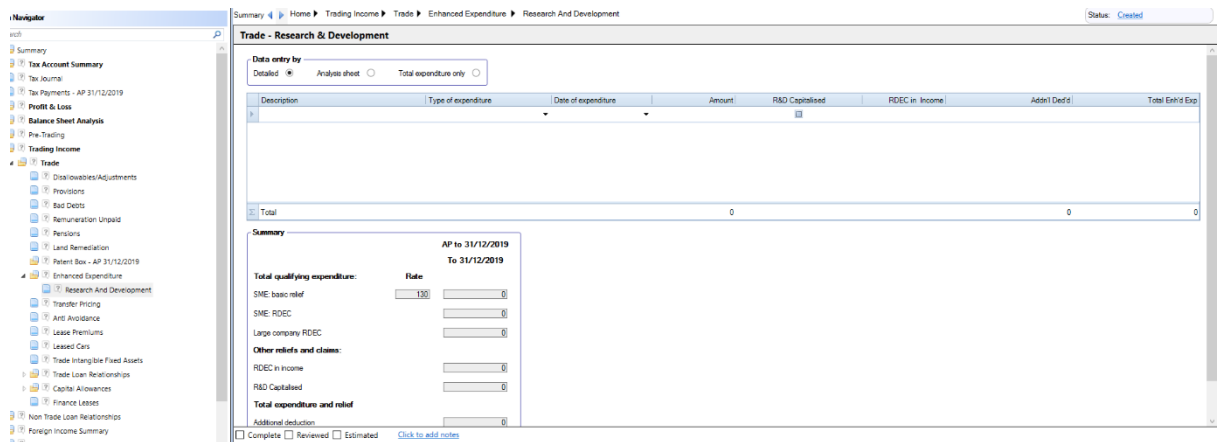
CCH Corporation Tax provides a calculation to produce an R&D expenditure computation and complete the Research & Development boxes on the CT600.

R&D within CCH Corporation Tax

The Research and Development schedule can be found within the trade created within Trading Income, within the Enhanced Expenditure section



The Research & Development schedule allows users to enter research and development to select their data entry method



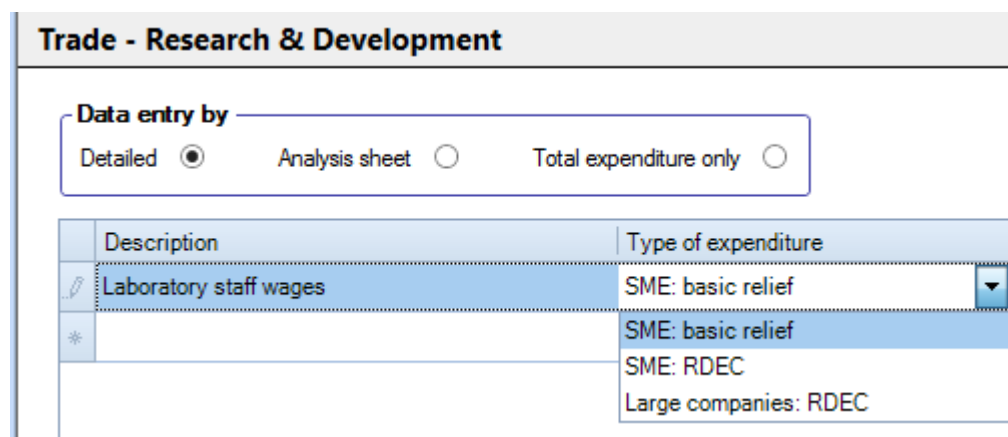
Research & Development expenditure can be entered into CCH Corporation Tax via three methods;

- Detailed
- Analysis Sheet
- Total Expenditure only

Detailed

The data entry by **Detailed** option will allow Research and Development expenditure to be entered and analysed on multiple lines.

Select Detailed within the **Data entry by** section of the Research and Development schedule



The column widths are adjustable by dragging the column headers accordingly.

Enter the Description in the Description column of the first row and select the type of expenditure from the **Type of expenditure** drop down;

SME : basic relief (Small & Medium Enterprise basic relief)

SME : RDEC (Small & Medium Enterprise Research & Development Expenditure Credit)

Large companies : RDEC (Large Companies Research & Development Expenditure Credit)

Enter the date of expenditure in the **Date of expenditure** column or select the date from the drop down menu. The date should be within the current period of account otherwise a Warning will appear.

Enter the amount of R&D expenditure in the **Amount** column.

If the research & development expenditure has been capitalised check the flag in the **R&D Capitalised** column.

The RDEC in Income column can be completed for expenditure under the Expenditure Credit type of expenditure.

Tab to the end of the row. Any additional deduction and the Total enhanced expenditure will be calculated where appropriate and displayed in the **Addn'l Ded'd** and **Total Enh'd Exp** columns respectively;

Description	Type of expenditure	Date of expenditure	Amount	R&D Capitalised	RDEC in Income	Addn'l Ded'd	Total Enh'd Exp
Laboratory staff wages	SME: basic relief	31/12/2019	100,000	<input checked="" type="checkbox"/>	0	130,000	230,000
Total			100,000			130,000	230,000

Enter the next element of R&D expenditure on the next row and tab through to the next row.

Analysis Sheet

The Analysis Sheet option within the **Data entry by** section if selected will remove any data already entered into the **Research & Development** schedule and should be selected if the Research and Development is being made outside of the computation. There is an option within Online filing to attach PDFs.

Analysing from the P&L

Rather than entering the data directly into the Research & Development schedule, CCH Corporation Tax will allow you to analyse expenditure from the P&L sub analyses statements directly into the Research & Development schedule.

To do this from a **Profit & Loss** schedule sub analysis statement, right click in the statement and select **Add Tax Category**

Administrative Expenses			
Name	Per accounts	Tag	Suppress
▶ Wages and salaries	1,579,594		<input type="checkbox"/>
Social security costs			
Staff pension costs defined contribution			
Directors' remuneration			
Directors' pension costs - defined contribution scheme			
Travelling expenses			
Rates			
Cleaning			
Power, light and heat			
Property repairs and maintenance	16,840		<input type="checkbox"/>
Premises insurance	102,050		<input type="checkbox"/>
Computer running costs	13,260		<input type="checkbox"/>
Motor running expenses	74,019		<input type="checkbox"/>

- Add Rows
- Delete Row
- Add Tax Category
- Delete Tax Category
- Paste
- View AP details
- Add/Edit tag
- Delete Tag
- Choose Tag

In the **Select Tax Category** wizard that appears, open the Trade to adjust, then open **R&D/Vaccine research** and select **Research & development**, then click **Add**.

This will create an additional column on the sub analysis statement allowing the analysis of R&D expenditure.

Summary ▶ Home ▶ Profit & Loss ▶ Administrative Expenses

Administrative Expenses				
Name	Per accounts	Tag	Suppress	Research & Development - Trade
▶ Wages and salaries	1,579,594		<input type="checkbox"/>	500,000
Social security costs	78,979		<input type="checkbox"/>	0
Staff pension costs defined contribution	63,183		<input type="checkbox"/>	0
Directors' remuneration	559,000		<input type="checkbox"/>	0
Directors' pension costs - defined contribution scheme	27,950		<input type="checkbox"/>	0
Travelling expenses	16,910		<input type="checkbox"/>	0
Rates	11,164		<input type="checkbox"/>	0
Cleaning	10,563		<input type="checkbox"/>	0
Power, light and heat	61,183		<input type="checkbox"/>	0
Property repairs and maintenance	16,840		<input type="checkbox"/>	0
Premises insurance	102,050		<input type="checkbox"/>	0
Computer running costs	13,260		<input type="checkbox"/>	0
Motor running expenses	74,019		<input type="checkbox"/>	0
Σ Total	3,461,352			500,000

Enter a value in the Research & Development column and tab through to the next line.

This will pull the figure entered through in to the Research and development schedule and allow the relevant type of R&D expenditure to be selected.

Linking and unlinking expenses

When an item is analysed from a sub analysis schedule into the Research & development schedule a link is created.

If you highlight the value within the sub analysis statement and right click it will give the option to either navigate to the tax category or to unlink the value

Administrative Expenses				
Name	Per accounts	Tag	Suppress	Research & Development - Trade
▶ Wages and salaries	1,579,594		<input type="checkbox"/>	500,000
Social security costs	78,979		<input type="checkbox"/>	0
Staff pension costs defined contribution	63,183		<input type="checkbox"/>	0
Directors' remuneration	559,000		<input type="checkbox"/>	0
Directors' pension costs - defined contribution scheme	27,950		<input type="checkbox"/>	0
Travelling expenses	16,910		<input type="checkbox"/>	0
Rates	11,164		<input type="checkbox"/>	0

Link cell value

Unlink cell value

Navigate to > Enhanced Expenditure

All values must be enlinked if the Total expenditure only analysis option is being adopted.

Tax Credits

The Tax Credits statement within Tax Planning is initially blank and uneditable. The statement is activated when a period is loss making and R&D expenditure has been analysed as RDEC (i.e. SME:RDEC or Large company RDEC has been selected as the Type of expenditure in the Research & Development schedule;

Tax Credits - 01/01/2019 - 31/12/2019	
Trade	R&D and Vaccine Research
Trade	
RDEC b/fwd	0.00
RDEC b/fwd override	0.00
RDEC CY	60,000.00
Total RDEC	60,000.00
RDEC b/fwd repayable	0.00
RDEC CY repayable	0.00
RDEC surrendered to group companies	0.00
RDEC utilised current year CT liabilities	0.00

Summary	
Total R&D tax credits	0.00
Total Land remediation tax credits	0.00
First year CA's tax credits	0.00
Total Creative Industries Tax credits	0.00
Total Tax credits claimed	0.00
Tax liability arising	0.00
Net payable tax credit	0.00

The current Year RDEC is calculated and there are inputs for the following;

- RDEC b/fwd
- RDEC b/fwd override
- RDEC b/fwd repayable
- PAYE/NIC for AP
- RDEC offset prior AP CT liabilities
- RDEC offset other HMRC liabilities
- RDEC surrendered Group Companies