



Tax rates and allowances 2018-19

Research & Development (R&D) and other product tax reliefs

	2018-19	2017-18
R&D Tax Credits, small & medium sized business (SME) scheme	230.0%	230.0%
R&D SME Payable Credit	14.5%	14.5%
R&D SME Expenditure Credit	12.0%	11.0%
Patent Box	10.0%	10.0%
Film Tax Relief	25.0%	25.0%
High-end TV Tax Relief	25.0%	25.0%
Video Games Tax Relief	25.0%	25.0%
Open-ended Investment Companies and authorised Unit Trusts	20.0%	20.0%

Research & Development Relief: Revenue costs

The meaning of Research & Development (R&D) for these purposes and for the Capital Research & Development Allowance is set out in the BEIS Guidelines issued on 5 March 2004.

Large Companies (i.e. those that are not SMEs) can make claims under the R&D Expenditure Credits (RDEC) regime. Under this regime, the benefit will be recorded as a taxable credit in operating profit and will be equal to 12% (2017-18 11%) of the qualifying expenditure.

Non-tax paying large companies can receive a cash pay-out equal to the net value of the credit, subject to a cap based on the PAYE/NIC paid over to HMRC in respect of staff costs included in the R&D claim, and being a going concern, at the time the claim is made.

Companies that are SMEs are entitled to an additional deduction of 130% of qualifying R&D expenditure. For non-tax paying SMEs a cash alternative of up to 33.35p for every pound of qualifying expenditure may be available depending on the current year tax losses.

A cap limits the total amount of SME R&D a company can claim on each project to €7.5million (euro) and a going concern requirement applies.

An SME for R&D purposes is a company which, together with certain related enterprises, meets the EU definitions but with higher limits such that it has fewer than 500 employees and either turnover not exceeding €100million (euro) or total assets not exceeding €86 million (euro).