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**Government R&D tax relief deadline looming
Final chance for UK companies to back-claim for last six years**

Alma Consulting Group, Europe's largest R&D tax specialist, is advising UK companies to act now and claim the R&D tax relief they are entitled to before time runs out. UK companies have just three months to prepare and submit their claims ahead of the 31st March 2008 deadline that entitles them to substantial tax savings for the last six years.

In a bid to encourage increased enterprise and innovation in the UK economy, the Government introduced the R&D tax credits scheme in 2000. For every £1 million spent on qualifying R&D, a large company can deduct £1.25 million from its taxable income whilst SMEs can deduct £1.5 million or, in some cases claim a cash payment of up to £240,000. Due to changes in legislation, March 2008 is the last opportunity for businesses to back-claim for the past six years – from April 2008 claims will be done on a year-by-year basis.

The ten year plan target set by the Government in 2004 stated research and development should reach 2.5% of gross domestic product (GDP) by 2014. With current figures falling significantly short, HM Revenue and Customs continue to encourage higher levels of claims to attain these, as yet unreached targets.

David Marshall, Business Development Director of Alma Consulting comments: "There are many reasons why UK businesses aren't taking the tax advantages the Government is offering. First, there is poor awareness of the scheme and its benefits. For those that are aware, the complicated criteria of what actually constitutes R&D - and therefore qualifies as a claim - leave many believing they aren't eligible."

HMRC's claim criteria must be clearly documented, explained in detail against the DTI guidelines, eligible expenditure calculated and audit trail evidence provided. Few companies have either the

expertise or indeed the resources to compile such a claim in order to gain maximum benefit from the scheme.

David continues: “Second, there have been cases where businesses have been fined up to 100% of their claim, simply because they’ve over-claimed due to poor advice or lack of knowledge of the complex scheme requirements. This has had a damning effect on other companies who are now under-claiming in the vain hope of avoiding the scrutiny of the HMRC and its penalties.”

“I’d advise UK companies that think they might be eligible to consult an expert who can identify eligible projects for an optimum claim, will ensure the paperwork is compliant with HMRC’s requirements, will meet the pending deadline and, most importantly, employs trained technical experts who can explain new scientific and technological advancements in HMRC’s language.”

With millions of pounds earmarked by the Government for R&D tax relief and the March cut-off date just around the corner, UK companies are set to lose out on millions unless action is taken now.

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