



April 22<sup>nd</sup> 2009

## **“R&D Budget snub could cost UK dearly”**

**Darling’s failure to boost innovation incentives could send R&D contracts – and UK jobs – overseas**

Alastair Darling’s so-called ‘Budget for jobs’, has seen the announcement of several packages aimed at kick-starting a healthier recovery, including a £2million boost to JobCentre Plus services and plans to generate 400,000 jobs within ‘green industries’ over the next five years.

But David Marshall, Director of R&D tax specialist Alma Consulting Group, believes the Chancellor has missed the point:

“Growth, and the subsequent jobs that this creates, is essentially driven by the development of intellectual property and innovation, which in turn is driven by research and development. It’s an expensive investment, which is why so many businesses outsource their R&D overseas. One way we can encourage innovation in the UK– where it can generate jobs – is by making existing working incentives, like the R&D Tax Credit scheme, more financially appealing to businesses.

“So why is it, after headway was made in the 2008 Budget, have R&D Tax Credits been snubbed this time around? Particularly at a time when an essential part of the road to economic recovery derives from innovative companies?

“Darling promises a ‘green revolution’ and expansion for core sectors like pharmaceuticals, bioscience, advanced manufacturing, health care and IT, yet these are the sectors that are highly driven by R&D. It doesn’t make sense to try and boost one without boosting the other.

“Whilst R&D tax benefits have improved over the last few years, the scheme still pales in significance to the tax reliefs available to businesses in France. The danger is this: if the less competitive R&D Tax Credit rates we have in the UK leads businesses to outsource their R&D overseas, the opportunity to create vital UK jobs could be lost, and that’s a problem the Chancellor won’t be able to ignore.”

The UK is one of the OECD (Organisation for Economic Cooperation and Development) countries, all of whom offer some type of R&D investment incentive. The UK target from the scheme is to encourage UK innovation achieving 2.5% of GDP investment in R&D by 2014. In 2008, R&D tax credit enhancement increased from 150% to 175% for SMEs, and from 125% to 130% for large companies.

-End-

[www.almacg.com](http://www.almacg.com)

**To arrange an interview with David Marshall, or to find out more information please contact:**

Jenny Ricketts at Cognition PR on 01926 330800 or [jenny.r@cognitiongroup.co.uk](mailto:jenny.r@cognitiongroup.co.uk)

## **Note to the Editor**

For more than two decades, Alma Consulting Group has successfully handled thousands of specialist tax claims. The 10,000 strong client base that entrusts Alma Consulting Group with their tax affairs include global names such as Ford, Nestle, ABB, Fortis, Sun Microsystems, Apple, Esso and Siemens. Competencies encompass R&D tax claims, European Framework Grants and Carbon Footprint reduction.

Alma has offices in eleven countries (Belgium, Poland, Spain, Portugal, United Kingdom, Italy, France, Hungary, Germany, Canada and Israel) and employs more than 1,500 staff including 160 trained technologists.

Alma Consulting Group represents the largest specialist tax team of its kind in Europe.