

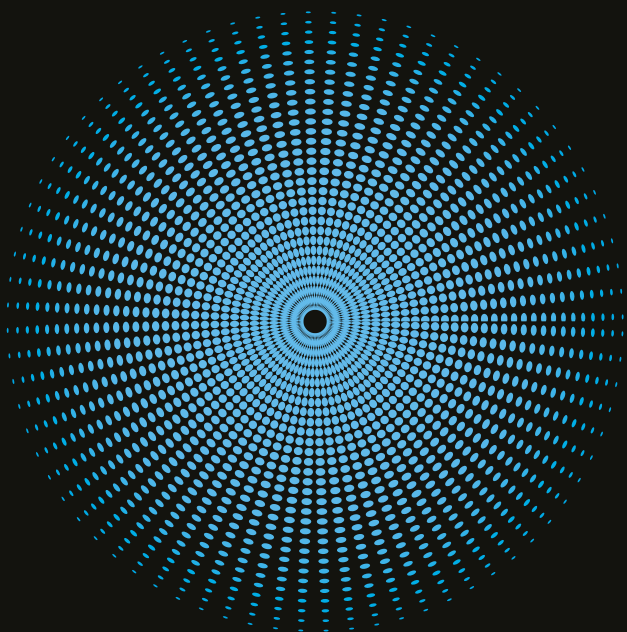
Deloitte.



Gi3 – Global Investment and Innovation Incentives

Looking deeper,
Seizing the opportunity.

Gi3 Technology solutions



myInsight: Global Incentives

Technology for:

Tax Depreciation

Research & Development

myGi – What is it?

myInsight: Global Incentives (“myGi”) is a revolutionary web based portal designed and maintained by Deloitte that allows the collection of data, documentation and technical eligibility assessments in a far more efficient and scalable way than historical approaches allow. This technology represents one of the most disruptive changes to the R&D tax relief industry in recent years.

myGi – Key statistics

- Developed and maintained by a team of 45 dedicated software engineers.
- Used in 8 countries around the world.
- More than 500 active client engagements.
- Over 100,000 annual user base.

myGi – At a glance

- Revolutionary technical eligibility gathering.
- Unparalleled audit trail and real time tracking technology.
- Ability to release thousands of surveys.



myInsight: Data Classifier

Technology for:

Tax Depreciation

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myInsight: Data Classifier – What is it?

Proprietary software developed by Deloitte UK that uses artificial intelligence to quickly and accurately categorise large volumes of transactional data based on clearly defined rules.

myInsight: Data classifier – Key statistics

- Used by more than 50 clients.
- More than 150 client users.

myInsight: Data classifier – At a glance

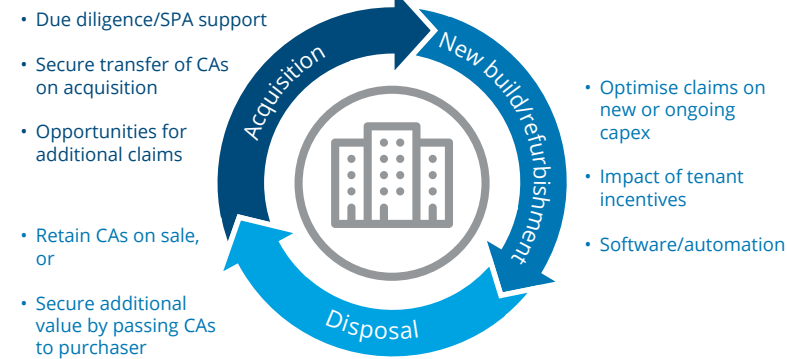
- Multi-use platform.
- Significant process improvements.
- Tax savings through real time analysis.

Tax Depreciation/capital allowances – Tax deductions on fixed asset expenditure

What relief is available?

- Capital allowances are a form of corporation or income tax relief arising from businesses incurring capital expenditure on certain plant & machinery, buildings and/or structures.
- The cost of qualifying assets is written off for tax purposes at prescribed rates.
- Repair and maintenance works may also be classified as revenue for tax purposes, to be offset against taxable profits.
- Generally no time limit for claims, as long as still own the assets. It is therefore possible to retrospectively claim on certain historical expenditure.
- Available to any business liable to UK corporation tax or income tax.

When to consider?



Some of the main rates of allowances:

Land remediation relief	150%	<ul style="list-style-type: none"> • On expenditure incurred by a company on remediation of contaminated land. • 16% tax credit on relevant losses.
Research and development allowance	100%	<ul style="list-style-type: none"> • Allowance on qualifying expenditure incurred on carrying out Research & Development, and for providing facilities for carrying out Research & Development.
First year allowance	100%	<ul style="list-style-type: none"> • Enhanced capital allowances on certain new energy-saving plant & machinery (until April 2020). • Annual investment allowance.
Main pool	18%	<ul style="list-style-type: none"> • On reducing balance basis.
Special rate pool	6%	<ul style="list-style-type: none"> • On reducing balance basis for: <ul style="list-style-type: none"> • Integral features • Long life assets
Structures and buildings allowance	2%	<ul style="list-style-type: none"> • On a straight line basis for expenditure incurred on the construction and/or enhancement of non-residential commercial buildings and structures in relation to contracts entered into on or after 20 October 2018.

Research and Development Allowances ('RDAs') – 100% accelerated capital allowance on qualifying expenditure incurred on carrying out research and development

Research & Development tax relief schemes – Incentivising investment in science & technology

RDEC regime

- Research and Development Expenditure Credit (RDEC) regime provides a taxable credit for qualifying R&D revenue expenditure.
- Two year time limit for making claims (from the end of the relevant accounting period).

SME regime

- 130% additional tax deduction, or up to 14.5% credit if loss making.
- Same two year time limit for making claims.

A company is an SME* if:



Benefits

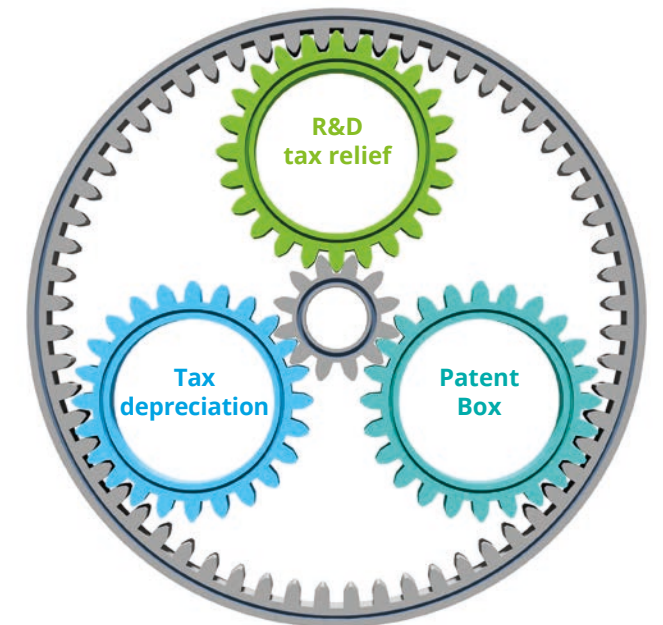
Year ended 31 December	2017	2018	2019
RDEC	11%	12%	12%
Benefit (Net of CT)	8.88%	9.72%	9.72%
SME super deduction	25.02%	24.7%	24.7%
SME credit*	33.35%	33.35%	33.35%

*Only available if loss making and sufficient surrenderable loss available

The definition of R&D for tax purposes



The costs that can be claimed



R&D and Patent Box reliefs work in tandem – so maximising one relief maximises the other relief

Patent Box Regime – Incentivising investment in science & technology

What is the regime?			
10% tax rate on profits attributable to qualifying patents	Elective regime	Introduced on 1 April 2013	
How do I qualify?			
Subject to UK corporation tax	Granted UK or European patents	Development condition	Active ownership condition

How do I calculate the benefits?

19% Profit attributable to non-qualifying income	10% Patent Box profit
	19% Profit attributable to marketing assets
	19% Profit attributable to routine activities

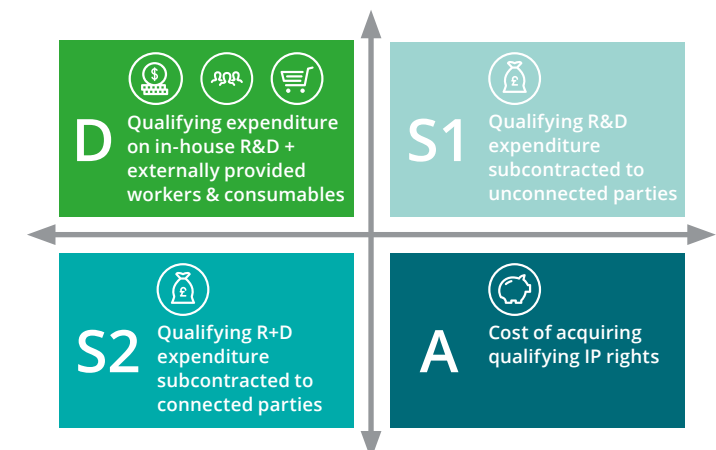
How has the regime changed recently?

$$D + S1 \times 1.3$$

$$D + S1 + S2 + A$$

The fraction is cumulative from 1 July 2016

Changes implemented from 1 July 2016. 'Nexus' or substance demonstrated by reference to an R&D fraction.



Tracking and tracing the above costs can be undertaken as part of the R&D claims process.

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