

Covid-19

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BEGINS

As you will imagine we are receiving a high volume of questions about the R&D reliefs in the light of the current COVID-19 pandemic. Given the fast-changing situation we don't have answers to all your concerns at the moment and will provide further information as soon as we can.

We have tried to give responses below to the most common queries.

R&D Returns & Payments

First, we appreciate there are concerns relating to the **processing of R&D claims** and in particular claims for payment and whether these can be accelerated.

At a time of pressure on HMRC operational resources, our first priority is to maintain our published aim of clearing 95% of SME tax credit claims within 28 days and we have implemented contingency plans to support this, including applying extra resource to the work. Currently we are meeting this aim. We will give regular updates to members of the RDCC.

We have received requests for guidance in respect of **filing or amendment dates**. We appreciate the operational difficulties customers are facing and we will be sympathetic to those facing problems. For example, time limits for claim are set in legislation so that claims for R&D payable tax credit and Research & Development Expenditure Tax Credit should be received by HMRC within 12 months of the statutory filing date of the company's tax return. If a customer is unable to meet that time limit, they should submit the claim as soon as possible and we may be able to accept a late claim. Statement of Practice 5/01 explains how HMRC will decide whether each claim will be accepted. This can be found here: <https://www.gov.uk/government/publications/statement-of-practice-5-2001/statement-of-practice-5-2001>

We have also been asked whether claims will be paid in full even where the business has other liabilities owing to HMRC. In the case of Research and Development Expenditure Credit [RDEC], HMRC has no discretion, under the current legislation, to do this. For claims to payable SME credit, we are considering the position.

Can the "Going concern" requirement in the SME scheme be set aside?

The going concern condition is a statutory requirement so it is one that HMRC cannot overlook. The condition requires the claimant company to have been a going concern according to the last published accounts. In many cases these will have been prepared before the effects of COVID-19 so that there should not be any issue caused by the going concern requirement. We will be monitoring the impact of COVID-19 on customers' ability to meet this and other requirements and you should approach us if it is causing genuine operational difficulty.

Are new Government support schemes introduced in response to the Coronavirus, such as CBILs, State aids or subsidies? Will they affect a company's ability to make a claim under the SME scheme?

The Government has notified CBILS as a State aid under the European Commission's new Temporary Framework for COVID-19. The measure is a fully notified aid, so the restriction on receipt of other State aid (s1138(1)(a) CTA 2009) potentially applies, if the CBILS relates specifically to the company's R&D expenditure [on a project] rather than being intended more generally to support the company. This will depend on the facts. We will be monitoring the application of this rule and welcome feedback.

COVID 19 support for business

For more information regarding the wider measures set out by the Chancellor to help businesses through this period of disruption caused by COVID-19 please see <https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses>

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