

R&D Tax Credits for Software Development Companies

R&D tax credits can improve your company's cash position by reducing its corporation tax liability. It's one of the government's top incentives to encourage investment in research and development. Your company could receive cash credits for projects worked on up to a year ago, and you can even benefit from R&D tax credits if you are making a loss.



Understanding the rules for R&D tax credits

According to the government's rules and guidance on R&D tax credits, a company performs qualifying R&D activities when it seeks to make an advance in science or technology, or tries to resolve a scientific or technological uncertainty. In addition, appreciable improvements in existing technology may also qualify for R&D tax credits, although routine work, such as adding a new feature to an existing software product, does not.

A key test of whether work can be considered as R&D is whether your project team faced technological uncertainties at the start of the project. That means that your team did not know at the outset whether or not a particular technological goal was achievable. If you can show that your project goes beyond applying existing technologies and demonstrate that it breaks new ground, you can claim R&D tax credits.



What type of software development projects and activities qualify for R&D tax credits?

Common examples of software development projects that may qualify for tax credits include:

- state-of-the-art software for new projects, or new functionality for existing R&D projects;
- tools to extend the functionality of application software programs or of an operating system;
- extensions to database software, programming languages, or operating systems;
- software development tools, such as tools to port data across platforms, tools for image processing or character recognition;
- novel data management techniques, such as new object representations and new data structures;
- innovative methods of capturing, transmitting, manipulating, and protecting data;
- software to run new computer hardware;
- software to run on devices with pre-installed operating systems, such as handheld GPS, mobile phones, and tablets; or,
- means of integrating hardware and software platforms.

Common examples of directly qualifying R&D activities include:

- defining technical objectives;
- identifying uncertainties;
- feasibility studies;
- reviewing new and competing technologies;
- analysing and designing technology;
- producing technical specification or other software development documents;
- writing and testing software; or,
- planning and managing projects.



In addition, certain indirect activities may qualify for R&D tax credits, such as:

- administration, finance, and personnel services specifically required to support R&D activities; and,
- training to support R&D.

The Myriad Associates approach

By profiting from our specialist knowledge and experience, you can be sure of maximising your R&D tax credits claim. In our experience, Myriad Associates submits R&D tax claims up to three times higher than claims prepared in-house or those filed by generalist accountants. Our 5-Step claim process is simplicity in itself, so you always know where we are with your claim.



- We handle your R&D claim from start to finish, taking up just two to three hours of your time.
- We can maximise your R&D claim because our expert consultants can identify your qualifying projects and all your eligible expenses.
- We write technical reports describing your projects to support your claims.
- We make sure Revenue handles your claim promptly, because of our right-first-time approach and because of our outstanding relationship with R&D tax inspectors.



Get in touch

Contact us today to discuss how working with Myriad Associates can maximise and secure R&D funding opportunities for your company.

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