



Gilliland & Company  
Chartered Accountants

# Is your restaurant making the most of R&D tax credits?

## R&D tax credit relief for your restaurant

It's common knowledge that technology and science companies can apply for R&D tax credit relief. However, there is a whole host of other industries that are simply unaware they can reap the benefits of R&D tax relief too.

The food and beverage industry, for instance, is constantly faced with increasing costs of fuel, raw materials, regulatory changes, whilst having to keep their prices competitive to enjoy and make the most of their market share.

More often than not, these rising costs actually stem from R&D strategies to develop new products related to cost reduction, food safety, dietary guidelines and sustainable resources.

However, data from HMRC indicates that just 41% of eligible companies apply for R&D tax credits. This means there is plenty of scope for restaurants to:

- Seek to advance their knowledge
- Improve a service or product
- Solve uncertainties in the process

If you can demonstrate to HMRC that you can accomplish the above, you may be eligible for tax relief on certain parts of the project in question.

The amount of tax relief you can claim depends on whether you are an SME or a large company. Either way, you can receive a cash refund from HMRC if you're not profitable or a reduction of corporation tax liability if you are.

Whether it's your head chef experimenting with a new menu, or your pastry chef testing out a new cake recipe to get the right texture. These are just two ways which you can demonstrate to HMRC your dedication to R&D and developing streamlined approaches.

## R&D Tax Credits in Food Manufacturing

A thorough analysis of your restaurant may lead you to discover that there are a myriad of ways you can achieve innovation and stake a claim for R&D tax relief.

In the food and beverage industry, this can include:

### Food

- Improving the texture, taste and nutrition of food product formulations.
- Testing sustainable or new ingredients.
- Creating new samples within a test kitchen environment.

### Packaging

- The creation of new packaging to improve durability and shelf life.
- Using environmentally friendly materials in packaging, or alternative materials to improve packing.

### Processes

- Creating new methods that will reduce costs and improve product consistency.
- Improvements to equipment and machinery to ensure food is handled safely.

### Sustainability Efforts

- New methods for reducing scrap, contamination, spoilage and waste.
- Efforts to using utilities, water, fuel and energy more efficiently with the introduction and integration of new technologies.
- Testing out new processes to convert waste to energy.

You will quickly find through business analysis, that innovation really is everywhere. Fortunately, so is a helping hand from the government with R&D tax credits. All you need to do is claim the tax credits that your business is owed.

### **How much can your R&D tax relief can your restaurant claim?**

SME's who make a successful claim can expect to deduct 230% of their R&D expenditure as a result of R&D tax credits. For instance, if you were to spend £100 attempting to develop new methods to extend a product's shelf life, on top of the original £100 deducted as a cost, you would receive a further £130 which you could use to offset your taxable profit.

### **Getting started with R&D tax relief**

You can claim for R&D tax relief yourself. However, the whole process can be tricky, which is why many businesses don't pursue it. Many businesses actually run the risk of over-claiming or under-claiming, with the former potentially leading to an investigation.

### **R&D tax credit accountants in Glasgow**

R&D tax credits are one of our specialist tax areas. Therefore it may be in your best interest to hire an accountant with R&D tax expertise. They will be able to help you not only identify the claim but maximise it so you receive the best benefit possible. If you are unsure whether you are eligible for R&D tax credits, make sure you get in contact with us.