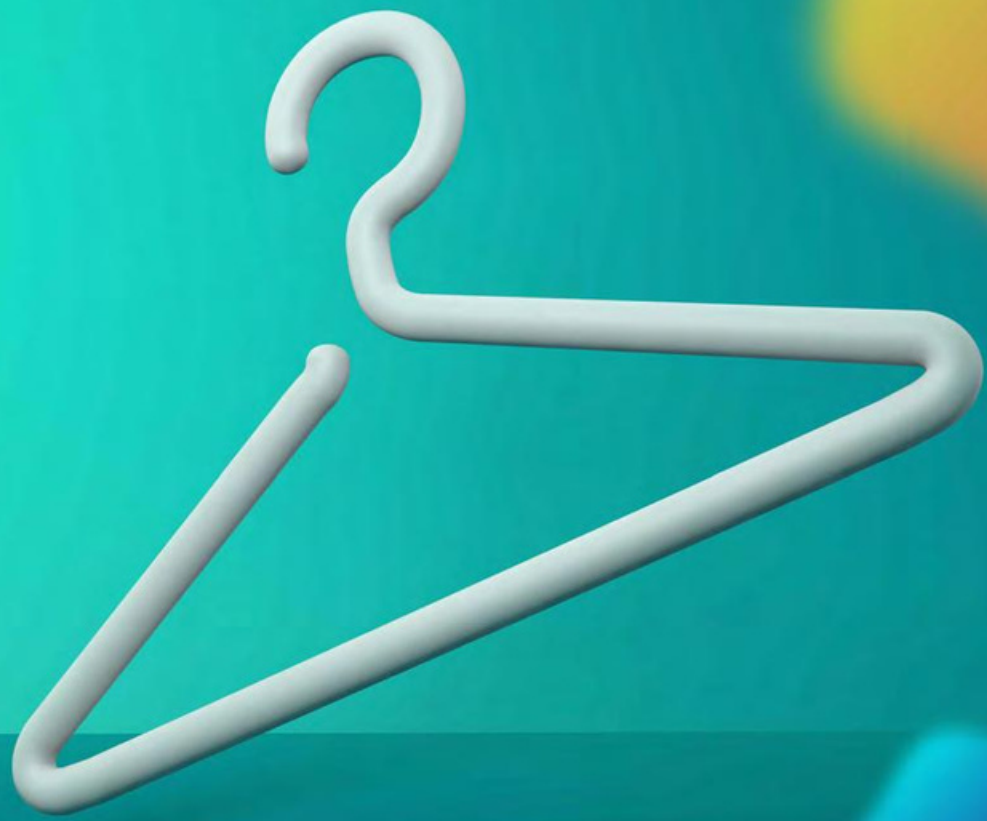


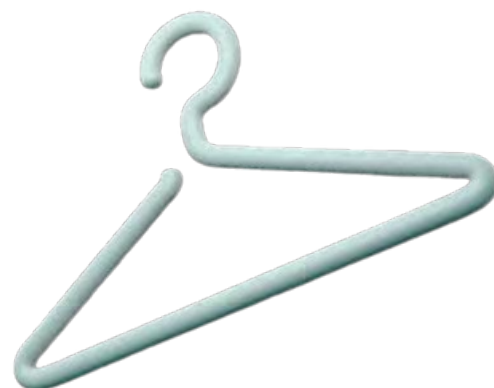
CLOTHING & FASHION



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CLOTHING AND FASHION

CLOTHING & FASHION



ABOUT THIS SECTOR

Clothing manufacturers routinely carry out research and development aimed at creating specialised fabrics, components, garments and garment construction methodologies. The industry is committed to improving the quality and range of products by increasing efficiency through the development of new and improved manufacturing methods.

Companies in the fashion sector claim for new innovative software solutions to sell or develop products, as well as novel changes to production processes.

There can also be R&D in the development of new materials, textures or fibres, as well as the combination of existing materials which involves advances in science or technology.

The strength of UK manufacturing is supported by extensive Research and Development (R&D) and investment in capital infrastructure. The movement towards more automation, digitisation and new materials, creates significant opportunities for tax reliefs and incentives for the taxpayer in this sector.

POTENTIAL R&D CLAIMS

Many companies are conducting qualifying R&D activities for R&D tax relief purposes in this sector on a daily basis, without even realising it. What may seem as typical day-to-day challenges in the office and field may qualify. This may include developing new products, processes or services or duplicating existing products and processes in an appreciably improved way. The development does not have to be blue sky innovation, however, it is necessary for the company to demonstrate some kind of technical uncertainty in the work being undertaken.

Typical qualifying activities within this sector include but are not limited to;

- Developing web-based e-commerce systems for selling and distribution of products.
- Inventing a new type of material.
- An innovative lightweight hiking jacket for extreme temperatures.
- Developing highly specialised protective clothing, using a wide assortment of composite fabrics and other material technologies.

- Generating prototypes and new product samples for testing and validation.

- Developing new or improved chemical or topical treatments

- Developing new or improved manufacturing processes.

POTENTIAL PATENT BOX CLAIMS

Companies that hold patents could qualify for a reduced corporation tax rate of effectively 10% on profits derived from those patents. Any company in this sector that does not hold a patent, should be reviewing its technological developments to consider its eligibility to apply for a patent and benefit from the significantly reduced 10% tax rate.

The technical hurdle to apply for a patent is not as high as you may think. Similar to R&D tax relief, what may seem as typical technology in the office or field, may be patentable and eligible for a 10% effective rate of tax.

Some examples of patents in this sector include but are not limited to;

- Backpacks with integrated solar panels.
- Patented clasps and zippers.
- Velcro related technology.
- High-performance fabrics using Kevlar and other insulating fabrics.
- Functional fashion equipment such as diving, aerospace and fire suits.

POTENTIAL CAPITAL ALLOWANCE CLAIMS

Capital allowances enable commercial property owners to obtain tax relief relating to capital expenditure embedded within their building.

Capital allowances on plant and machinery such as weaving or sewing machines, will typically be claimed in the tax computation already.

However, many businesses in this sector are missing out on valuable capital allowances not only available on property owned for years, but also on the;

- Acquisition
- Construction
- Refurbishment; or
- Extension of commercial property.

Typically, qualifying features within a building include; fire alarms, security installations, mechanical ventilations, electrical systems, cold water systems, heating, lighting, air conditioning, lifts, specialist extracts, safety features, roller shutter doors and specialist flooring. Of course, the extent of the opportunity depends on the level of the specification.

The value of capital allowances on commercial buildings is typically 20-40% of the purchase price, increasing to 45-65% for high spec refurbishments or new builds.

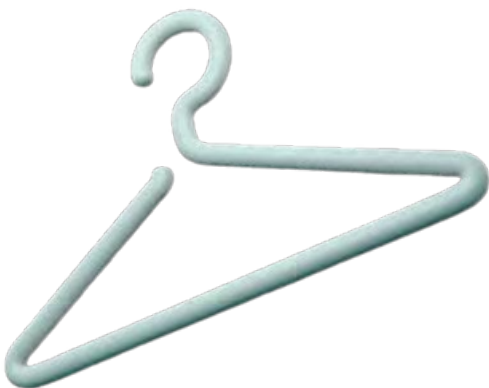
DON'T LOSE OUT!

Allowances are often missed on these properties due to the lack of detail in the construction cost information provided by contractors. This information can consist of high level work summaries which are very difficult for non-specialists to break down and segregate, resulting in significant lost allowances.

Typically, elements missed in the capital allowances claims include demolitions, alterations and finishes. Furthermore, professional fees associated with plant and machinery on which we are claiming capital allowances are eligible, but are easily forgotten.

YES! THERE'S MORE!

In addition, there is a little known tax relief called Research and Development Allowances (RDA's). If it can be identified that the purpose of the expenditure on plant and machinery, buildings and IT equipment was for the purpose of Research and Development, then 100% uncapped first year capital allowances can be claimed on this expenditure.



At Onyx our mission is to help you to understand your finances at every level with a very personal tailored approach. We do not consider ourselves as the classic belt and braces accountant that you see once a year to simply hand over paperwork. We are here to support you 365 days a year, not only with the classic accountancy services but also with a range of business support services which would offer considerably benefit.

If you feel your business would benefit from the services Onyx has to offer, we can arrange for you to have a free no obligation consultation with a member of the team.

To arrange your free no obligation consultation please call us on 0121 753 5522 or 01902 759 800, or alternatively you can email us at enquiries@onyx.accountants.

