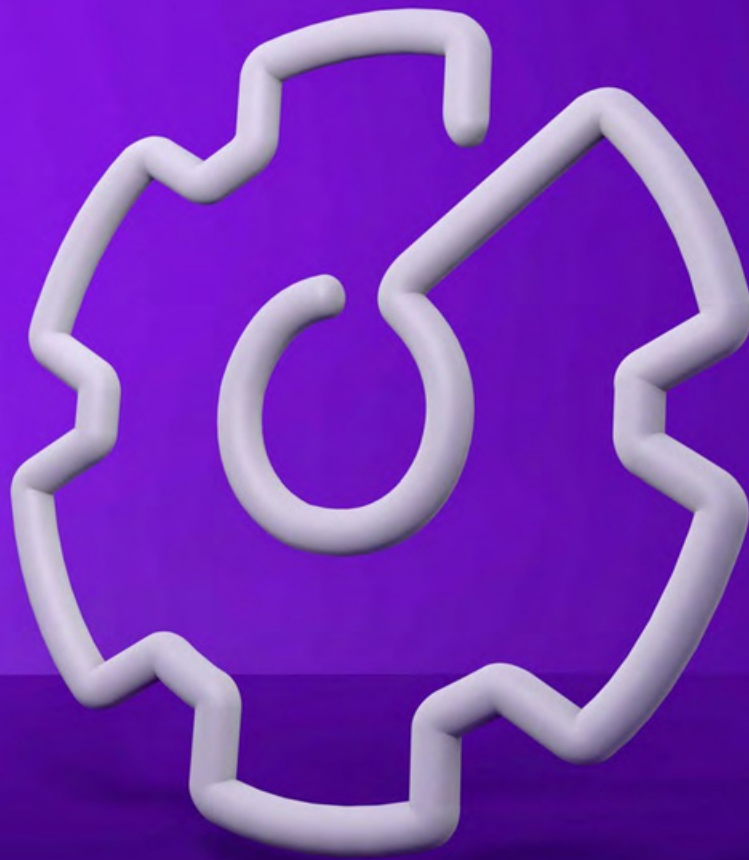
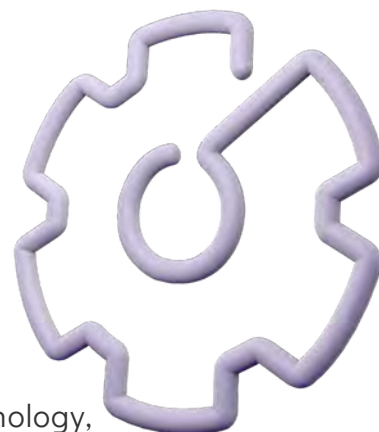


MANUFACTURING & ENGINEERING



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MANUFACTURING & ENGINEERING



ABOUT THIS SECTOR

Almost all manufacturing businesses are concerned with improving products and processes. Activities include streamlining operations, increasing production, reducing or eliminating waste, improving technology, reducing costs and optimising output. The UK is currently the eleventh largest manufacturing location in the world.

There are plenty of opportunities for British manufacturers to gain a competitive edge. 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 new or bespoke products in line with customer requirements.
- Duplicating an existing product but in an appreciably improved way.
- Manufacturing products to be larger, smaller, longer, cheaper, more reliable or more efficient.
- Optimising a product's assembly line by adopting/developing new technology.
- Creating a unique assembly line process.
- Design and development of new or improved tooling and fixtures.
- Design and development of new or improved equipment for the manufacturing process.
- Design and testing of prototypes.
- Testing and quality assurance of new or existing products and processes to meet client standards.
- Large scale production and scalability improvements.

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 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. Patents can be granted on products and processes.

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 production equipment or computers, will typically be claimed in the tax computation already.

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

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

Capital allowances are often extremely valuable in this sector. Typically, qualifying features include; fire alarms, security installations, mechanical ventilations, electrical systems, heating, lighting, air conditioning, cranes, specialist extracts, lifts, roller shutter doors and specialist flooring.

The value of capital allowances on this type of commercial building can vary between 25 - 65% of any purchase or refurbishment price. Of course, the extent of the opportunity depends on the level of the specification.

DON'T LOSE OUT!

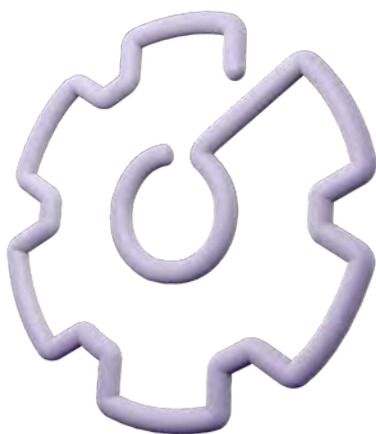
The main reason allowances are missed on these properties is due to the lack of detail in the construction cost information provided by contractors.

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.

Often elements are missed in the capital allowances claims such as demolitions, alterations and finishes. Furthermore, Professional fees associated with plant and machinery on which we are claiming capital allowances can be included, 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 ext 202 or 01902 759 800 ext 202, or alternatively you can email us at enquiries@onyx.accountants.

