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MEDICAL DEVICES

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ABOUT THIS SECTOR

Companies in this industry, like many commercial equipment and machinery producers, expend significant resources on research and development aimed at devising new and advanced test and treatment systems for the healthcare community.

The strength of UK manufacturing is supported by extensive 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;

- Designing and developing a prototype device for gathering a specific bodily fluid.
- Developing a high-volume packaging process for use with a sterilised medical product.
- Developing microprocessor software code for the operation of a new infant heart-rate monitor.
- Designing and developing a housing case for use in sterilising and storing a set of surgical tools.

POTENTIAL PATENT BOX CLAIMS

Companies that hold patents could qualify for a reduced effective corporation tax rate of 10% on profits derived from those patents. Any company in this sector which does not hold a patent should be reviewing their technological developments to consider their 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;

- Dental whitening laser equipment.
- Prosthetic valves.
- Implantable medical devices.
- Soft tissue grafts.
- Systems and methods for attaching soft tissue to bone.
- Spinal implants.
- Defibrillators.
- IV stands.

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 medical plant and machinery equipment 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.

Typically items that qualify in offices include; fire alarms, security installations, mechanical ventilations, electrical systems, heating, lighting, air conditioning, lifts, building work in connection with mechanical and electrical services, acoustic and thermal insulation, demountable partitions and the strip out of plant and machinery during refurbishment works. The value of capital allowances is typically 20-40% of the purchase price, increasing to 45%-65% for refurbishments. Of course, the extent of the opportunity depends on the level of the specification.

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 and can result in significant lost allowances.

Typically, elements missed in the capital allowances claims include demolitions, alterations and finishes. Also, 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 to this, there is a little-known capital allowances pool 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 R&D, 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.

