

## Press Release

### MMP Tax Ltd Response to the Budget November 2017

**For immediate release**

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Against a backdrop of tough macro-economic environment conditions, MMP Tax is pleased by the announcements made today by the Chancellor of the Exchequer, Philip Hammond, expressing the continuation of critical support for innovation, research and development.

The Chancellor stated that he was listening to the voice of business, and that he had reviewed, with business, the R&D tax credit regime and had concluded that in his opinion, it is globally competitive.

He went on to say, "to make the UK even more attractive for R&D we have accepted industry calls for a reduction in administrative burdens around the scheme and will shortly bring forward measures to deliver them".

The large company scheme, named Research and Development Expenditure Credits, ("RDEC"), (the corporate tax incentive scheme designed to encourage UK investment in large R&D projects); is given a further increase in generosity from 11% of eligible expenditure to 12% of eligible expenditure incurred from January 2018, a change warmly welcomed by MMP.

The government says that the target for investment in science and technology is to increase to 2.4 per cent of GDP on projects by 2027, the average for OECD countries and the same target set by Labour in 2004. The Campaign for Science and Engineering estimated the commitment of £2.3bn extra funding in 2021/22 will bring the total percentage of public R&D to 0.65 per cent of GDP.

There was no mention of the EU science funding programme, Horizon 2020, the €80bn (£71bn), or how this might be replaced or supported by the UK post Brexit.

There was no mention either of any changes to the Patent Box regime, Video Games Tax Relief ("VGTR") or Animation Tax Reliefs ("ATR") in this budget. Whilst unquestionably helping all types of businesses, the continued reduction of Corporation Tax means that the incentives provided to encourage small companies developing video games and animation as well as smaller R&D projects; are, by virtue of the way the tax reliefs are calculated, become less generous than they were at introduction.

Having just got agreement from the EU that VGTR is to be extended timewise, MMP was looking to government to redress the balance of the loss in generosity of this important tax incentive.

**David Marshall, Director at MMP Tax Limited, commented:**

"Investment in our countries technology sector has proven to be critical for sustained economic growth and the development of intellectual property crucial to our position on the world stage. We welcome the governments' continued support and enhancement to them". "Anecdotally, many companies continue to claim these reliefs incorrectly which HMRC will no doubt tighten their grip on, alongside reducing the administrative burden".

"It is likely that the implementation of enhancements to R&D incentives will involve consultation with industry and HMRC's selected advisors next month on the consultative committee. MMP continues to be an active participant in these with Treasury and HMRC to help guide and support our Clients".

**About MMP Tax:**

MMP is a specialist independent corporate tax consultant. The Company provides corporate tax consultancy services in clearly demarcated areas such as R&D Tax Relief, Patent Box Tax Relief, Video Games Tax Relief, Animation Tax Relief and technology-based Capital Allowances.

The Company employs a mix of engineering, finance and tax specialists. The team has decades of specialist tax consultancy experience between them; work with government on developing various technology-based tax schemes and have extensive professional and academic qualifications in addition to wide-ranging experience in industry.

MMP does not provide general tax advice, tax structural advice, tax avoidance, tax planning, or tax compliance services. MMP is not an auditing firm and does not conduct audit nor accounting work.

MMP works alongside Clients in accordance with industry best practice, high ethical standards, and meeting GDPR requirements and professional standards.

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