

ENERGY & UTILITIES



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ENERGY & UTILITIES



ABOUT THIS SECTOR

Companies involved in the Energy and Utilities industry strive to improve their competitive position, in part, by continual research and development efforts aimed at expanding the company's range of product applications and delivery systems.

Electrical, mechanical and environmental engineers spend substantial portions of their time devising or improving the performance of their product offerings and systems. There are constant technical challenges in these industries that are faced on a daily basis, whether companies are designing for wind or solar power, developing the logistical infrastructure or focussing on renewable technologies.

In addition to R&D spend, energy and telecommunications firms traditionally top the list for companies that consistently have the largest capital expenditures on land, facilities, infrastructure and major manufacturing equipment.

This is due to changes in the regulatory environment, including increased pressure to reduce costs for consumers, while ensuring security of supply.

This creates substantial opportunities for the taxpayer to claim R&D tax relief, Patent box Tax Relief and Capital Allowances.

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;

- Plant design.
- Design and development of alternative energy.
- Design and development of software infrastructure.
- Computer-aided design and building information modelling activities.
- Collaboration and evaluation between consultants on means and methods for constructability.
- Engaging in value engineering designs and feasibility reviews.
- Designing an innovative power grid for a new building.
- New concepts for using wind or wave power.
- Designing and developing wells and drills.
- Designing and developing new or improved electrical switching systems.
- Devising test methodologies for high-capacity battery systems.

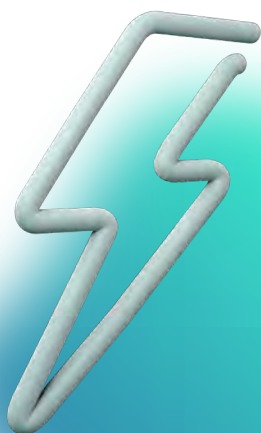
POTENTIAL PATENT BOX CLAIMS

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;

- Product relating to laminated structures for use in the manufacture of photovoltaic cells.
- Thermal-efficient high-power transformers.
- Flexible solar panel.
- Efficient mobile phone cable.
- Efficient method for removal of pollutants from waste water.
- Product to help optimise a converter's power throughput.



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, machinery and equipment in this sector will typically be claimed in the tax computation already. However, many businesses in this sector are not maximising their claim – they are missing many hidden qualifying features. For example, in seeking to achieve energy efficiencies, a significant amount of expenditure will undoubtedly be incurred on infrastructure, innovative technical solutions, high spec features, building layouts and perhaps specialist flooring. Analysing the scope of your capital allowances claim requires expert analysis.

These valuable allowances are not only available on buildings already owned but also on the;

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

The value of capital allowances in commercial buildings can vary between 25-65% of your purchase or refurbishment price.

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, 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.



AGRICULTURE



ARCHITECTS



BIOTECHNOLOGY



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CONSTRUCTION
INDUSTRY



COSMETICS
& SKINCARE



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& GAMING



DISTRIBUTION
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FOOD & DRINK



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PLASTICS & RUBBER



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& RAIL



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& CHEMICALS



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PACKAGING



PHARMACEUTICALS
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AND ELECTRICAL



SOFTWARE & IT



TELECOMMUNICATIONS



TRAVEL SOFTWARE



WASTE MANAGEMENT
& RECYCLING

SAY YES!

Let YesTax unlock your hidden qualifying expenditure. We are approachable, proactive and productive.

Our qualified experts will arrange a no obligation call to outline the process and assess the extent of your opportunity – you just have to say **YES!**

NO SAVING, NO FEE – YES!

We're flexible, but typically we work on a contingent fee basis. Therefore, if YesTax is unable to identify any saving for you, there is no fee due!

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