

Claims for Research and Development tax relief

Where this letter refers to you, it means the company.

We're writing to make you aware that some agents and other third parties are targeting advertising agencies, encouraging them to make Research and Development (R&D) tax relief claims. However, companies in this sector are often not eligible to claim this relief.

R&D is a Corporation Tax relief on the costs of activities that seek an advance in science or technology. The activities must advance the field of science or technology as a whole, not just the company's own knowledge.

Please read this letter and our guidance carefully before you consider making a claim. To read our guidance, go to GOV.UK and search 'Research and Development tax relief'.

How some R&D agents work

You may get calls from agents saying your general business activities qualify for R&D relief. However, if these activities aren't trying to achieve an advance in science or technology, you're not undertaking R&D. This means you won't have the evidence to support a claim.

Some agents may offer to advise you on a 'no win, no fee' basis, suggesting little or no risk to you and guaranteeing we won't investigate. This isn't the case.

If we check your R&D claim and find it's incorrect, you will have to pay back any amount that's been paid out, plus interest. We may also charge you an inaccuracy penalty.

For more information, go to GOV.UK and search 'Research and Development tax relief'.

R&D tax relief in your sector

It's unusual for companies in your sector to meet the R&D criteria. Most claims aren't eligible. This is because they're usually based on:

- normal day-to-day work – creating, adapting or duplicating digital billboards, banners, adverts, or client websites, on a regular basis
- making adverts or products with a client's brand or desired specifications without advancing a field of science or technology
- developing tools that collect customer data and analyse their behaviour
- using existing technology, for example VR, to showcase a client's products
- developing bespoke software platforms by utilising already existing knowledge or capability to combine software features already existent within software
- buying 'off the shelf' e-commerce platforms, customer relationship management systems or dataset management tools, and adapting them to suit the business.

If an agent or third party offers to claim R&D on your behalf

Don't give them your HMRC log-in details. For more information, go to GOV.UK and search 'keeping your HMRC login details safe'.

If you have a Corporation Tax agent, we recommend talking to them before engaging an R&D agent. For advice about choosing an agent, go to GOV.UK and search 'How to choose a tax agent'.

We never recommend specific accountants, agents, or advisers.

Extra support

If you have personal circumstances that make it difficult for you to deal with us, please tell us. We'll help in whatever way we can. For more information about this, go to GOV.UK and search 'Get help from HMRC if you need extra support'.