



potential tax strategies:

printing





About This Sector

Companies in the printing technology industry regularly undertake experimental development efforts aimed at improving printing process speed, throughput, print resolution, colour quality and accuracy. In addition, companies in this industry conduct experimental analysis of print media, inks and other materials. 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:

- Conducting experimental testing to determine the relationship between web speed and print resolution.
- Designing and developing modifications to a high-resolution single-sheet inkjet printing system to permit the system to print on continuously fed paper media.
- Developing machinery modifications and conducting experimental analysis of water-based inks with a printing system originally designed for solvent based chemical inks.
- Designing and developing an advanced computer-based control and monitoring system for use with a printing system.

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 computers or 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
- Refurbishment
- Construction; 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 in office space is typically 20-40% of the purchase price, increasing to 65%-80% for office 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.

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.

What's Next?

If you need advice regarding your eligibility for R&D claims or other tax planning strategies, contact our Tax Partner today at neill.staff@raffingers.co.uk or call him direct on 020 3146 1605.

