

R&D TAX CREDITS FOR AGRI-TECH INNOVATORS



Government funding in the form of R&D tax credits is available to companies developing innovative technologies in the agriculture space

From large growers to smallholders, the worldwide agriculture industry is under a huge amount of pressure. Not only is it being asked to feed an extra 2.7 billion mouths by 2050, but the ones it has to feed now are getting hungrier. Thanks to a growing middle class in countries like China and India, the demand for meat is increasing, which requires significantly more energy and water than other kinds of produce.

The world's appetite is growing, but so is its determination to protect the environment, reduce energy consumption and curb greenhouse emissions. Then there's another issue: Climate change itself. Climate change is degrading fertile soil, increasing water shortages, and making extreme weather more common, all of which will damage agricultural output.

Farmers, Agri-tech firms, and equipment manufacturers are all coming under pressure to increase yield and efficiency, while simultaneously driving down costs. Making this possible will require new systems, techniques and, perhaps most importantly, technologies.

Thankfully, the agricultural industry is rife with innovation. A host of new hardware and software are in development, like machine learning platforms and drone-assisted precision farming, which promise to make agriculture a more productive and lucrative business.

A significant amount of government funding is available to the many innovative companies in the Agri-Tech space. This funding is available in the form of R&D Tax Credits, an HMRC-administered initiative which reduces tax liabilities, and offers cash lump sums to companies conducting R&D.

Eligible companies can claim up to 33% of their development costs back as R&D Tax Credits. This paper will explain the scheme and what kinds of development work is eligible for funding.

Am I Eligible for Tax Credits?

Companies are eligible for R&D Tax Credits if they are conducting R&D to resolve a 'technical or scientific uncertainty'. Uncertainties are obstacles to progress that a qualified and competent person can't solve on their own, or by using publicly available information. Instead, they must conduct R&D and trial different possible solutions and techniques to move forward.

Like any cutting-edge space, Agri-Tech is full of technical uncertainties. Developing or advancing technologies beyond the present state of the art means exploring the unknown. Also, many agricultural innovations deal with biological variables. It's notoriously hard to predict how animal and plant life will react under different conditions, meaning trial-and-error field experimentation is usually required to resolve these uncertainties.

What are R&D Tax Credits?

The R&D Tax Credit is a UK government initiative which incentivizes companies to innovate. Small and medium-sized companies can claim up to 33% of their research and development costs back in tax relief or a cash credit, even if they're loss-making. Large businesses can claim 12% of their eligible expenditure back.

What costs can I claim for?

Businesses can claim R&D Tax Credits for a range of development-related costs. All or a significant portion of the following costs can be claimed for:

- Direct staff costs, including salaries, bonuses, and pension and national insurance contributions
- Fees paid to third parties to conduct R&D on the company's behalf
- Materials and resources consumed in the R&D process like water, light and heat
- Cost of designing & building prototypes to test R&D

What Work Qualifies for R&D Tax Credits?

A wide variety of development work is eligible for R&D Tax Credits. Here are some examples of R&D work in the Agri-Tech space which are likely to receive funding.



Adapting, testing or designing machinery

Designing and manufacturing new agricultural machinery, or conducting research to adapt existing machinery for agricultural use



Vertical Farming Solutions

Designing new techniques, equipment and technology to enable more efficient methods of vertical farming



Gene-editing techniques

Creating and testing gene-editing techniques to yield crops that are more nutritious, impervious to pests, and more resistant to changing weather patterns



Software designed for agriculture

Writing software specific to the agricultural industry or an individual businesses in the industry. Software that manages inventories or delivers real-time insights that programmes developed for other industries cannot deliver, for example



IoT solutions

Building the software and/or hardware elements of IoT systems used in farming. The development of sensors to measure light, crop health and soil moisture; agricultural drones; and livestock tracking solutions are all viable examples of this



Precision Agriculture Technologies (PAT)

Developing PAT technologies, such as guidance systems and variable rate technologies

Note: You can qualify for tax credits even if your R&D work doesn't result in a new product or service. Just as long as the work qualifies, you can receive tax credits.

These are just some examples of the types of R&D that may be eligible for tax credits. Many other kinds of similar work also qualifies. If you're unsure whether your development work qualifies for R&D Tax Credits, contact GrantTree for a free, confidential assessment.

Claim with GrantTree

- ✓ Leading R&D Tax Credits consultancy
- ✓ Highly technical team
- ✓ Significant experience in Agri-Tech
- ✓ 9 years' experience
- ✓ £120+ million secured in government funding
- ✓ 100% acceptance rate from HMRC

Our bespoke service

We believe you should invest your time and energy into your products and customers. That's why we've designed our bespoke, end-to-end service to take up as little of your time as possible. For an average claim, we require only a couple of hours to fully understand your business and R&D work, and to get every penny possible out of HMRC.

Get your money early

Need money sooner? GrantTree's Advance Funding service gives you access to your R&D Tax Credits up to six months before the end of your financial year. This means you have access to cash when your business needs it most.

CONTACT

Ariel Bramble

ariel@granttree.co.uk