Motorsport

Innovation Tax Reliefs

taxadvisorypartnership.com

Welcome

At Tax Advisory Partnership (TAP), we help motorsport businesses unlock government-backed Innovation Tax Reliefs to fund their research, development, and growth in a highly competitive industry. Whether you're a race team or a specialist supplier, your pursuit of performance sparks progress that shapes not just motorsport, but the future of technology itself.

Navigating these opportunities can be complex, but the rewards are significant: R&D tax reliefs turn your innovative ideas and investment into a tangible financial advantage. This guide gives you the essentials—how the system works, what activities can qualify, and how TAP's expert team supports you from claim preparation to maximising every eligible cost.

As sector specialists, we stand ready to accelerate your ambitions and help you make the most of every innovative effort. Let's unlock the next level of opportunity, together.









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What we do

At TAP, we deliver tailored innovation tax services with a client-first approach, combining deep expertise and practical experience to support businesses from owner-managed firms to large international groups.

Our services include preparing R&D tax credit and Patent Box claims, working closely with directors to align tax strategies with business objectives. We provide trusted advice on UK and international tax matters, corporation tax compliance, and support related to disposals, mergers, and acquisitions.

We assist businesses with structuring, advising on tax-efficient incentives for management and employees, and analysing property transactions to optimise tax outcomes. Additionally, we help manage HMRC enquiries and provide ongoing advisor support.

In today's complex regulatory environment, timely and accurate tax guidance is essential. TAP is committed to ensuring compliance while helping you maximise tax benefits to fuel your innovation and growth strategies.

We commonly advise clients on the following:



How we work

Our service is discreet and professional, teaming up with other experts when required for a unified strategy tailored to each client's unique needs.

We understand that each client has distinct situations and offer personalised services aimed
at their specific goals.

We deliver in-depth tax guidance and continued assistance with tax compliance responsibilities.



OUR CORE VALUES



Impartial

Personal

Experts

Integrity

Value



Discretion





Knowledge

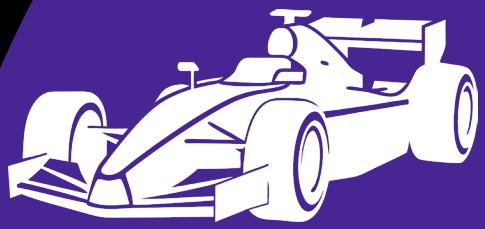


Reliable

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Motorsport’s Innovation Landscape

Motorsport is a hotbed of cutting-edge innovation, where fierce competition and strict regulations drive constant technological breakthroughs. This section explores how the UK’s Motorsport Valley fuels pioneering engineering and how these innovations ripple across industries beyond racing.





Motorsport's Innovation Landscape

The Race for High-Performance R&D

Research and Development is the lifeblood of motorsport. At the core of every racing team's success is an uncompromising drive to innovate, refine, and push technological boundaries. In this fiercely competitive world, continuous R&D is not just an advantage—it's an absolute necessity.

Motorsport is unique in its relentless demand for innovation. Each component of every car is meticulously engineered to maximise performance, reliability, and efficiency. Teams operate under intense pressure: the race to gain even fractions of a second demands constant breakthroughs in design, materials, and engineering techniques.

Strict technical regulations and budget caps create further challenges, forcing teams to find fresh, inventive solutions season after season. Unlike most industries, motorsport forbids sharing or copying ideas between teams. This ensures that every car on the track is a product of original thinking and cutting-edge engineering. The need to protect intellectual property drives a culture of development where no innovation is ever taken for granted.

This highly competitive and tightly regulated environment fuels a culture of continuous scientific and technological advancement. It is this ongoing race for high performance R&D that places motorsport at the forefront of engineering excellence worldwide.

Contact us for a detailed overview and advice on innovation tax reliefs.



Motorsport's Innovation Landscape

The UK's Global Motorsport Leadership

The United Kingdom stands as a global leader in high-performance motorsport engineering and innovation. It is home to seven of the world's ten Formula One teams, underscoring the nation's pivotal role within this demanding sport. This dominance reflects the UK's deep pool of skilled engineering talent and its commitment to cutting-edge research and development.

Central to this leadership is the region known as "Motorsport Valley," a unique cluster housing over 4,300 specialist businesses. These companies—ranging from manufacturers, component suppliers, specialist service providers to research organisations—form the world's largest hub for high-performance engineering. This dense ecosystem fosters collaboration, rapid innovation, and knowledge sharing, positioning Motorsport Valley as an unrivalled engine of motorsport excellence.

Important!

Testing costs in motorsport only qualify for R&D tax relief if they relate directly to advancing science or technology by resolving scientific or technological uncertainties.

Competition-Driven Innovation and Its Global Impact

The industry thrives in an environment defined by fierce competition and strict regulation. Teams are prohibited from sharing or copying ideas, which means every advance is the result of original thinking and in-depth R&D. The recent introduction of regulations such as the March 2022 engine freeze and Formula 1 budget caps further forces teams to redirect innovation into new technical areas, driving continuous breakthroughs in chassis design, aerodynamics, powertrain, and software development.

This competitive pressure, coupled with access to world-class engineering talent, creates a culture where constant technical leaps are necessary not only to succeed on the track but to maintain leadership in the evolving motorsport landscape.

Technological advancements from Motorsport Valley extend far beyond racing circuits. Numerous innovations originally developed for motorsport have successfully transferred into mainstream automotive manufacturing as well as aerospace, defence, marine, and healthcare sectors. Examples include reworked fuel injectors, hybrid power assistance, racing-inspired aerodynamics, carbon fibre chassis construction, all-wheel-drive systems, and semi-automatic gearboxes.

These technologies help improve performance, efficiency, safety, and sustainability across industries, demonstrating motorsport's valuable role as a catalyst for advanced engineering and innovation worldwide.

Motorsport's Innovation Landscape

Motorsport's Wider Innovation Ecosystem
Motorsport is not just about winning races; it is a powerful driver of technological innovation that extends far beyond the racetrack. Many of the advanced technologies developed through motorsport R&D have been successfully adapted and integrated into a wide range of industries, including automotive manufacturing, aerospace, defence, healthcare, and marine engineering.

The intense focus on performance, efficiency, and safety in motorsport sparks breakthroughs that help solve complex engineering challenges. For example, innovations in aerodynamics first developed to improve racing car stability and speed now enhance fuel efficiency and handling in road vehicles and aircraft

Technologies pioneered in motorsport advance innovation across automotive, aerospace, defence, healthcare—and beyond. delivering significant benefits far outside the racetrack

Other key innovations include:

- **Reworked Fuel Injectors** that improve engine efficiency and reduce emissions.
- **Hybrid Power Assistance and Energy Recovery Systems** pioneered in racing, now commonplace in commercial vehicles for better fuel economy.
- **Carbon Fibre Chassis Construction** offering lightweight but ultra-strong vehicle frameworks, influencing automotive and aerospace designs.
- **Active Suspension Systems** developed for race cars to improve handling and comfort, later adapted for high-performance road cars.
- **Advanced Braking Systems** such as disc brakes and semi-automatic gearboxes first refined on the track.

Callout Box: Motorsport Innovations That Changed the World

- **Aerodynamics:** shaping cars and airplanes for efficiency and speed
- **Hybrid Power Systems:** boosting energy efficiency on and off track
- **Carbon Fibre Chassis:** strength and lightweight performance
- **Disc Brakes and Semi-Automatic Gearboxes:** now standard in consumer vehicles
- **Rear View Mirror:** originally developed to improve driver awareness in racing

Motorsport’s Current State, Trends & Challanges

Motorsport is entering a new era shaped by transformative trends and rapid technological advances. The industry faces fast-evolving priorities—from electrification and sustainability to digital integration and new modes of fan engagement—that are fundamentally redefining how the sport operates on and off the track.



Motorsport's Current State, Trends & Challenges

Electrification, Sustainability, and Emerging Trends

Motorsport is rapidly evolving through electrification and a strong focus on sustainability. Formula E leads the way as the global platform showcasing electric racing technology. Top teams invest heavily in electric powertrains, battery management, and energy recovery systems, shaping the future of clean, high-performance racing.

Alongside this, digitisation, automation, and connectivity are transforming the sport. Connected and autonomous vehicles (CAVs) receive major R&D investment, including £4.7 billion from the UK government.



New business models and diverse mobility solutions are also redefining fan engagement and aligning motorsport closely with broader automotive innovation.

Autonomous Technology and Digital Innovation

Motorsport is pioneering advances in autonomous vehicle tech with cutting-edge sensors, data analytics, and real-time processing. Prototype autonomous vehicles generate around 100 terabytes of data daily—comparable to an entire F1 race weekend—demonstrating the sector's leadership and challenges.

Esports, since the 2017 launch of the F1 Esports Series, has rapidly expanded motorsport's audience worldwide. It serves as both entertainment and a virtual testbed for aerodynamic and strategic innovations. Digital lap timers complement these advances by providing highly accurate timing and data, aiding professional and amateur racers to optimize performance with precision.

Motorsport's Current State, Trends & Challenges

Key Industry Challenges

The motorsport industry faces key challenges requiring focused innovation:

- **Rapid Technological Change:** Ongoing advancements demand continual R&D to stay competitive.
- **Regulatory Pressures:** Budget caps, engine freezes, and environmental rules restrict development and inspire creative engineering.
- **Skills Shortages:** Competition for top engineering talent is intense and growing.
- **Safety and Sustainability:** Rising standards in safety and environmental responsibility are crucial for the sport's future.
- **Operational Hurdles:** Shifting race venues and complex logistics impact teams and suppliers.

While these challenges pose risks, they also drive innovation and strategic agility essential for continued success.

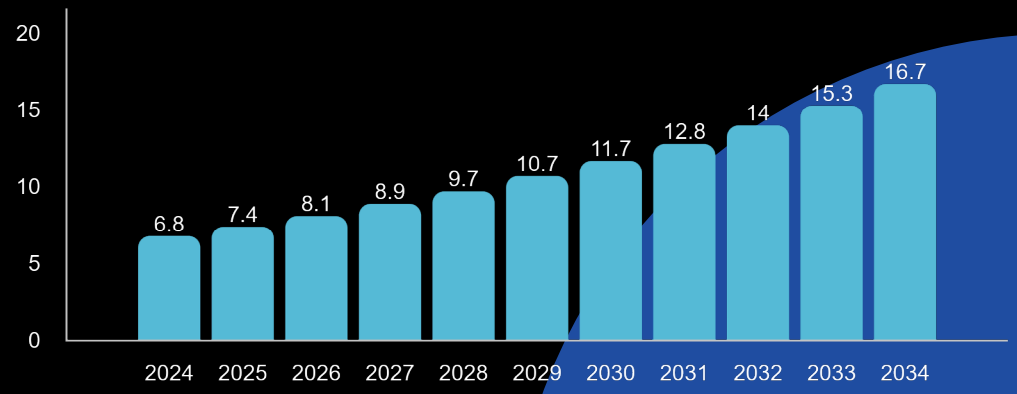
Emerging Opportunities for Growth and Innovation

Despite industry challenges, motorsport is brimming with opportunities to drive growth and technological leadership:

- **Electrification and Sustainability:** Electric racing platforms like Formula E pave the way for clean innovation.
- **Digital Transformation:** Advanced data analytics, connectivity, and automation boost performance, efficiency.
- **Autonomous and Connected Vehicles:** Major R&D investments, including government support, position motorsport at the forefront of future mobility.
- **New Business Models & Fan Engagement:** Esports and virtual experiences expand audiences and revenue.
- **Cross-Industry Innovation:** Motorsport breakthroughs influence automotive, aerospace, defence, healthcare, and more.

Seizing these opportunities enables companies to transform challenges into competitive advantage and long-term success.

Global Motorsport Market Size, By Product (USD Billions)



Understanding Motorsport R&D Tax Relief

An essential guide to qualifying activities, eligible costs, and the claim process for motorsport companies investing in innovation. Learn how cutting-edge development efforts can benefit from valuable government tax incentives.



Understanding Motorsport R&D Tax Relief

What is R&D Tax Relief and Who Can Claim?

R&D Tax Relief is a valuable UK government incentive designed to help companies investing in innovation by reducing their Corporation Tax bill or providing cash credits. It encourages continuous development and technological advancement by supporting businesses that take on scientific or technological challenges.

In the motorsport sector, this incentive is especially important as companies and their suppliers invest heavily in creating cutting-edge components, software, manufacturing techniques, and testing processes. To be eligible, a company must:

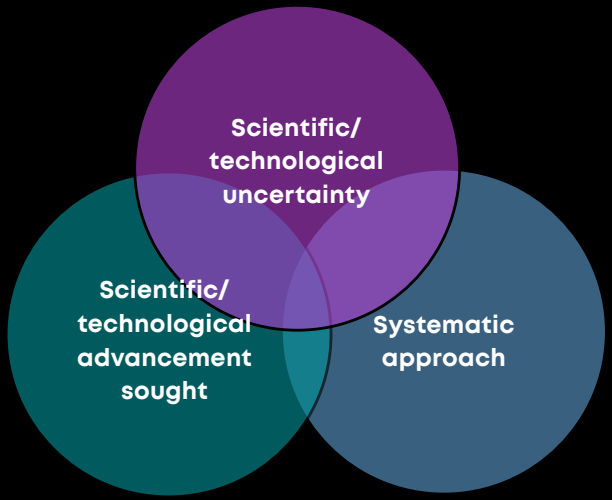
- Be a UK limited company liable for Corporation Tax
- Undertake projects with genuine scientific or technological uncertainties
- Aim to achieve an advancement in knowledge or capability
- Work systematically through experimentation, design, or prototyping
- Be undertaking work that goes beyond routine analysis or existing knowledge
- The project outcome does not need to be successful; the key factor is the attempt to overcome uncertainty

This applies equally to manufacturers, developers, and service companies involved in the motorsport ecosystem, including suppliers designing bespoke parts or innovating process techniques.

What Qualifies as R&D in Motorsport?

- Qualifying R&D covers activities that seek to resolve scientific or technological uncertainties through a systematic approach. Examples commonly include:
- Developing, modifying, and improving individual components (e.g., suspension, aerodynamics, engine controls)
- Creating and refining bespoke software applications that support vehicle performance or data analysis
- Innovating manufacturing techniques and materials to enhance quality or efficiency
- Designing, building, and testing prototypes to explore new concepts or materials

Establishing or improving R&D facilities and equipment essential for development work



Understanding Motorsport R&D Tax Relief

Qualifying Costs & Indirect Activities

Motorsport companies can claim a variety of costs linked to their R&D projects. These include salaries for engineers, designers, technicians, and key project staff directly involved in innovation. Support staff time—such as administration, finance, and HR—can also be included when essential to the R&D work.

Materials consumed during development, like prototype parts and testing supplies, plus licenses and bespoke software development costs, are eligible. Subcontracted R&D services and agency or consultant costs can be claimed, noting that SMEs typically claim 65% of subcontracted amounts. Overheads like utilities, equipment depreciation, and facility costs can be apportioned fairly. Training expenses related directly to qualifying R&D are also included.

Indirect activities that support but do not directly resolve technical uncertainties are claimable when essential to the project.

These include:

- Scientific and technical information services
- Maintenance, security, administration, and personnel tasks
- Recruitment, lab leasing, and equipment upkeep
- Training required specifically for R&D
- University research linked to company projects
- Feasibility studies developing new scientific or technological methods

Certain costs generally do not qualify—such as venue or track hire fees (unless testing involves in-house staff advancing technology), routine production, marketing, and sales activities.

Claim staff, materials, software, subcontractors, data, and hosting costs



Understanding Motorsport R&D Tax Relief

R&D Tax Relief Schemes Overview

From April 2024, the UK's R&D tax system changed. Most motorsport companies will now claim under the merged R&D scheme, which combines the old SME and RDEC benefits. Special support continues for loss-making, highly R&D-intensive SMEs.

Claiming the right way—and planning ahead—is critical as eligibility, rates, and what work qualifies have all changed, especially for companies with overseas R&D.

	Who Qualifies	Benefit	Key Notes
Merged R&D Scheme	Most UK companies doing eligible R&D	Tax credit of 15–16% (net)	Covers most teams & suppliers. Fewer grant/subsidy barriers.
ERIS	Loss-making SMEs with 30%+ spend on R&D	Up to 27p per £1 (14.5% credit)	"Grace period" if intensity drops below threshold.

Details & Eligibility

The new merged scheme offers a gross credit rate of 20% (net benefit of 15–16% after tax) for most UK companies investing in eligible R&D. This regime applies regardless of company size, funding, or group structure, streamlining previous rules for most motorsport teams and suppliers.

R&D-intensive SMEs (loss-making, with at least 30% of total costs spent on R&D) receive a higher benefit—up to 27p per £1 of eligible spend, thanks to the ERIS ("Enhanced R&D Intensive Support") route. There's a one-year "grace period" if intensity dips below the threshold.

Important: R&D work must now be physically conducted in the UK, except in very limited cases. Overseas costs (including subcontractor and external worker costs) are normally excluded, which is a significant change for many motorsport businesses.

Early professional advice helps you structure claims, anticipate eligibility, and maximise benefit while complying fully with updated HMRC rules.

Understanding Motorsport R&D Tax Relief

Your Roadmap to a Successful R&D Claim

Step 1 – Check Your Eligibility

Confirm you are a UK-registered limited company paying Corporation Tax and that you conducted qualifying R&D. Review activities from the last two years and, if it's your first claim or you haven't claimed recently, meet HMRC's pre-notification requirement.

Step 2 – Identify and Review Projects

Work with senior technical, finance, and project teams to pinpoint activities involving genuine scientific/technological uncertainty. Include ongoing, completed, and even unsuccessful projects, clearly documenting advancement sought and challenges faced.

Step 3 – Compile Technical Evidence

Gather robust evidence: project narratives, testing results, prototypes, IP filings, and records of staff involvement. Make sure evidence directly supports the claimed activities.

Step 4 – Attribute and Calculate Costs

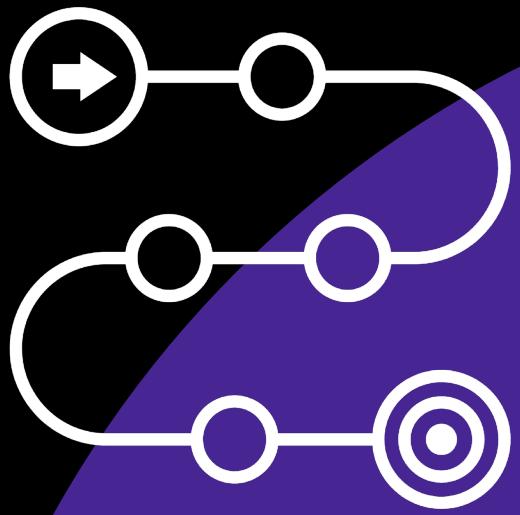
Allocate costs consistently across eligible categories—staff, materials, subcontractors, utilities, software—and keep documentation that reconciles back to your accounts.

Step 5 – Submit the Claim

File your R&D claim alongside your Corporation Tax return. Include clearly written technical narratives and a transparent cost breakdown.

Step 6 – Prepare for Enquiries

Be ready to answer HMRC queries with supporting documentation, explaining the methodologies used to determine eligibility and cost allocation.



Understanding Motorsport R&D Tax Relief

Claim Process and Best Practices

Successfully claiming R&D Tax Relief involves a clear process. First, confirm company eligibility as a UK limited company subject to Corporation Tax that has engaged in qualifying R&D during the accounting period. Identify projects involving scientific or technological uncertainty and advancement through a systematic approach, including ongoing or abandoned projects.

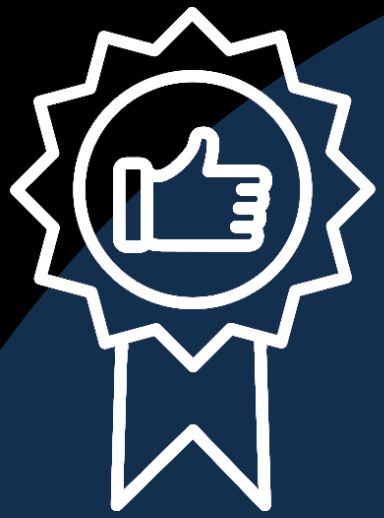
Gather detailed technical evidence—project descriptions, challenges, testing data, prototypes, and staff involvement. Costs must be allocated clearly and consistently across direct, indirect, subcontracted, and overhead categories.

Claims are submitted with the Corporation Tax return, supported by technical narratives explaining the qualifying nature of the work and expenditure. Prompt, open communication with HMRC helps during claim reviews.

Best practices to optimise claims and reduce enquiry risks include:

- Keeping comprehensive records such as contracts, timesheets, patents, and test reports
- Defining project scopes and technical challenges clearly, avoiding vague language
- Using consistent, documented cost allocation methods
- Reviewing group structures to apply the correct SME or RDEC scheme, considering grants or subsidies
- Consulting R&D tax specialists or obtaining HMRC Advance Assurance early
- Training staff on R&D criteria and documentation standards

These steps enable motorsport companies to maximise benefits, support innovation, and maintain compliance.



Optimising & Preparing Robust R&D Claims

Practical guidance and best practices to maximise your R&D claims. Learn how to document effectively, allocate costs consistently, and navigate HMRC enquiries to safeguard your tax relief benefits.



Optimising & Preparing Robust R&D Claims

Best Practices for Optimising and Preparing Robust R&D Claims

In motorsport, robust R&D claims demand thorough planning, documentation, and clarity. Here are essential best practices to follow:

- **Maintain Detailed Records:**

Keep comprehensive documentation such as contracts, timesheets, project lists (including shelved or failed projects), patents, test reports, training records, and correspondence with customers, suppliers, and subcontractors.

- **Define Project Scope and Technical Challenges Clearly:**

Identify and describe R&D projects with clear objectives, technical uncertainties, baseline technology, and limitations. Avoid vague terms—focus on the specific scientific or technological advances sought.

- **Outline Staff Roles and Qualifications:**

List the background, qualifications, and responsibilities of all staff involved. Include narrative descriptions of work undertaken by both internal teams and subcontractors.

- **Consistent Cost Attribution:**

Apply a documented methodology for cost allocation to distinguish eligible R&D costs from routine operations. Keep supporting evidence such as invoices, payroll records, and ensure reconciliation with company accounts for the relevant tax period.

- **Understand Group Structures and Schemes:**

Review whether you qualify for SME or RDEC scheme, consider the impact of grants and subsidies, and ensure the right entity is making the claim.

- **Clarify Relationships with Third Parties:**

Ensure records of contracts and communications with third parties. Clearly distinguish between staff providers, subcontractors, or external consultants to determine which expenses can be claimed.

- **Methodical Project Selection:**

Use consistent processes to select representative R&D projects and activities for claim support. Document the methodology used in project and cost selection.

- **Proactive Engagement:**

Seek early advice from tax specialists, consider HMRC Advance Assurance, and train internal staff on R&D claim processes and compliance standards.

- **Prepare for HMRC Enquiries:**

Be ready to present clear, auditable evidence—technical narratives, supporting documents, and financial records that substantiate the claim.

These practices minimise delays, strengthen your claim's credibility, and protect against the risk of costly HMRC adjustments or disallowances.

Optimising & Preparing Robust R&D Claims

Record Keeping and Documentation Essentials

Effective record keeping is the cornerstone of a robust R&D claim. Clear, comprehensive documentation supports your claim's credibility and helps mitigate the risk of HMRC enquiries or challenges.

Key record types to maintain include:

- **Project lists:** Track all R&D projects undertaken, including ongoing, abandoned, shelved, and completed projects
- **Timesheets and payroll records:** Document time spent by all staff on qualifying R&D activities, including internal teams and subcontractors
- **Contracts and correspondence:** Keep agreements and communications with clients, suppliers, subcontractors, and external consultants
- **Technical documentation:** Maintain detailed technical write-ups, design specifications, test reports, trial results, prototypes, and iterations
- **Financial records:** Retain invoices, purchase orders, bank statements, and expense reports linked to R&D costs
- **Training records:** Document relevant training, qualifications, and competency development tied to R&D work

Good record keeping not only facilitates accurate and consistent cost attribution but also builds a clear audit trail that can effectively demonstrate the scientific or technological uncertainties addressed and the work undertaken to resolve them.



Optimising & Preparing Robust R&D Claims

Project Identification and Clear Definition of Technical Challenges

Accurately identifying R&D projects and clearly describing technical challenges are fundamental to preparing a strong claim. This clarity supports the legitimacy of your claim and helps demonstrate the scientific or technological advancements sought.

- **Define Each Project Thoroughly:**

Include project objectives, key milestones, technologies involved, and the specific uncertainties faced.

- **Describe Technical Uncertainties:**

Clearly outline what is unknown or challenging from a scientific or technological perspective. Avoid vague terms like “innovative” or “new” without explanation.

- **Document the Systematic Approach:**

Explain the methods, experimentation, design, and prototyping steps taken to overcome these uncertainties.

- **Include Project Status:**

Note whether projects are ongoing, completed, or abandoned, as unsuccessful attempts at resolving uncertainty still qualify.

- **Detail Roles and Contributions:**

Specify the roles, qualifications, and contributions of team members and subcontractors involved in the projects.

- **Maintain Evidence of Testing and Prototyping:**

Record trials, prototypes, test results, and any iterations or failures that show progression toward solving technical challenges.

Clear, detailed project identification and technical descriptions serve as essential evidence for tax authorities and increase claim robustness by demonstrating genuine R&D activity.



Clarity Creates Credibility

The more precise and detailed your project descriptions, the stronger your R&D claim will be. Clearly define objectives, challenges, and outcomes to make HMRC see the true value of your innovation

Optimising & Preparing Robust R&D Claims

Identifying and Attributing Eligible Costs

Robust R&D claims depend on accurately connecting eligible costs to qualifying activities. A disciplined approach ensures you claim the full benefit without including ineligible expenses that may trigger HMRC challenges.

Determine the Right Claim Structure

- Review your company or group setup to establish whether you fall under the SME or RDEC scheme.
- Ensure claims are made by the correct legal entity and relate to R&D performed in the UK.
- Consider the impact of grants, subsidies, and group arrangements on eligibility.

Define Cost Eligibility Criteria

- Only include costs directly related to qualifying R&D projects, both direct and certain indirect supporting activities.
- Exclude routine work, commercial activities, and unrelated operational costs.
- Remember: dividends paid to directors or shareholder-employees are not eligible.

Track All Eligible Cost Categories

Common categories for motorsport R&D claims include:

- **Staff costs:** salaries, employer NIC, pension contributions for qualifying activities.
- **Consumables:** raw materials, components, prototypes used in R&D.
- **Software & cloud computing:** licences or hosting directly linked to R&D.
- **Subcontracted R&D & Externally Provided Workers:** apply correct rules for SME or RDEC schemes.
- **Utilities:** power, water, and fuel directly consumed by R&D activities.

Maintain Clear Allocation Methodology

- Develop a consistent, documented process for apportioning costs when staff or resources split time between R&D and non-R&D work.
- Keep supporting evidence: invoices, payroll reports, signed timesheets, purchase orders, and reconciliations with your accounts.

Review Pre-Trading Costs

- Costs relating to qualifying R&D before the business started trading may be eligible in the first claim—ensure they're not overlooked.

A robust cost attribution process builds confidence in your claim and helps avoid HMRC disallowances.

Optimising & Preparing Robust R&D Claims

Strengthening Processes, Third-Party Relationships & Claim Readiness

A successful R&D claim in motorsport depends on more than accurate numbers — it's about having clear processes, transparent relationships, and evidence ready before HMRC ever asks for it. Knowing whether you are the principal undertaking the R&D or a subcontractor is vital, as this affects which scheme applies, how costs are treated, and who owns the intellectual property. Misunderstandings here can lead to disallowed costs, delays, and missed opportunities.

Strong claims also come from early collaboration. Involving technical and finance teams from the outset helps capture qualifying activities as they happen, rather than relying on year-end reconstructions. Continuous, real-time logging of project work creates a reliable audit trail and strengthens your position if questioned.

Preparation is key. Clear technical narratives, supported by test data, project records, and financial evidence, should be ready to share at short notice. For complex or first-time claims, HMRC's Advance Assurance can offer extra certainty. Expert R&D tax advisors bring essential insight — helping refine methodologies, ensure compliance, and defend claims if challenged.

By embedding R&D awareness into everyday operations and maintaining clarity in external agreements, motorsport businesses can secure the full relief available while reducing the risk of disputes. This proactive approach transforms R&D claims from a compliance exercise into a strategic advantage — unlocking funds to drive the next wave of innovation.

Early engagement with R&D tax specialists can help maximise your claim value, ensure compliance, and strengthen responses to any queries.

Real-time R&D tracking = smoother claims and bigger savings.



Optimising & Preparing Robust R&D Claims

Supporting Evidence & Common Pitfalls

A successful motorsport R&D tax relief claim depends heavily on having well-documented evidence. HMRC requires clear, consistent records demonstrating what work was carried out, why it qualifies, and how costs were allocated. Equally important is avoiding common errors that can undermine your claim's credibility or delay its approval.

Essential Evidence to Have

Ensure your claim includes:

- **Comprehensive project documentation** — clearly detailing the objectives, scientific or technological uncertainties, and outcomes for all R&D projects, including abandoned or unsuccessful ones.
- **Technical records** — design files, test data, prototypes, trial notes, and iterations showing development progress.
- **Financial documentation** — invoices, payroll reports, cost breakdowns, and reconciliations aligned with your accounts.
- **Staff time and roles** — timesheets, role descriptions, qualifications, and evidence of involvement for everyone contributing to the projects.
- **Intellectual property files** — patent applications or relevant IP documents supporting your innovation claims.

Common Pitfalls to Avoid

Protect your claim by steering clear of:

- Using vague or generic terms like "innovative" or "new" without explaining the technical or scientific context.
- Failing to keep a clear, auditable trail of costs and activities.
- Claiming routine or known activities that do not involve technological uncertainty.
- Omitting abandoned or unsuccessful projects that still involved resolving technical challenges.
- Misinterpreting subcontractor relationships, leading to incorrect scheme choices or cost treatments.



If it's not documented, it's difficult to claim. Maintain ongoing R&D tracking and evidence gathering throughout the year — not just at year-end.

Case Studies

Real-world success stories of how motorsport innovators and specialist suppliers have used R&D tax relief to fund breakthrough developments. These examples show the financial impact of government incentives and expert guidance in driving performance and technology forward.



Case Studies

Case Study 1

Specialist automotive company

Overview

A specialist powertrain and vehicle engineering firm renowned for tackling complex design challenges. With in-house testing facilities and a highly skilled team, they collaborate with top-tier clients including Formula 1 manufacturers.

The Challenge

Through in-depth discussions with TAP, we identified multiple qualifying R&D projects. Key examples include:

- Enhancing heat dissipation and stability in an electrical component of a Formula 1 Kinetic Energy Recovery System (KERS).
- Developing an electric race motor that significantly improved shaft performance without increasing mass or size.

Our Approach

TAP's expert guidance helped them systematically document and evidence their work. The engineering team employed advanced prototypes, detailed modelling, and innovative manufacturing processes—leveraging multiple iterations and experimentations to resolve critical technical uncertainties.

Outcome & Impact

Thanks to the robust claim preparation and strategic support from TAP, the company secured valuable R&D tax relief funding. These resources accelerated further innovation, enabling the company to boost performance and efficiency in motorsport technology. TAP's specialist input ensured the claim was comprehensive, defensible, and maximised.



Case Studies

Case Study 2

Materials manufacturer

Overview

An independent R&D-focused materials technology company and subsidiary of a larger international group. They develop innovative solutions including advanced fiber optic cables, environmental sealing products, and connectors used in demanding sectors such as military, navy, and aerospace.

Challenge & Projects

Following close collaboration with TAP to understand their operations, nine qualifying R&D projects were identified. A notable example involved reducing the corrosive impact of seawater on submarine hulls by developing innovative electrical termination methods to extend product lifespan well beyond the existing 20 years.

Approach & Outcome

The company experimented with a unique plastic polymer known for its inertness and rigidity as a metal replacement in hull components. Extensive testing and development addressed the technological uncertainties around bonding this material effectively for enhanced resistance in harsh, pressurised marine environments. This led to a breakthrough in extending the durability of submarine hulls.

TAP's expert support in identifying eligible projects and compiling robust evidence helped secure valuable R&D tax relief funding. This funding has been instrumental in advancing the material innovations and strengthening its competitive position in high-technology sectors.



Case Studies

Case Study 3

Power solutions manufacturer

Overview

The company designs and manufactures portable and static power solutions for demanding sectors including aviation, defence, and military. Their team of engineers and skilled technicians specialises in developing highly complex power systems tailored to rigorous performance standards.

The Challenge

Working closely with TAP, multiple qualifying R&D projects were identified. A key project focused on creating a lithium motorsport battery system that would outperform existing products used by prominent racing teams such as Mitsubishi and Red Bull F1. Competitors' lithium batteries lacked the necessary durability, safety, and performance for motorsport applications.

Our Approach

TAP provided guidance in meticulously documenting and evidencing their work on the new battery system. The development involved extensive research into innovative connection arrangements, heat dissipation, and system stability. Several technological uncertainties were addressed through systematic experimentation and refinement, culminating in a robust and market-leading battery solution.

Outcome & Impact

With TAP's specialist expertise and support, the company secured valuable R&D tax relief that helped fund the development process. The enhanced lithium battery product now meets the high-performance, durability, and safety standards demanded by top motorsport teams, reinforcing leadership in power solutions and enabling ongoing innovation.



How TAP Can Help You

Real-world success stories of how motorsport innovators and specialist suppliers have used R&D tax relief to fund breakthrough developments. These examples show the financial impact of government incentives and expert guidance in driving performance and technology forward.



How Can TAP Help You

Comprehensive Tax Services:

TAP specialises in Innovation reliefs tax services, offering tailored R&D tax credit and Patent Box claim preparation, alongside UK and international tax advice. We handle corporation tax compliance, structuring, and the tax implications of mergers, acquisitions, and property transactions.

Client-Focused Approach:

We work with owner-managed businesses, private equity groups, and large international companies, prioritising your needs and objectives.

Pragmatic Guidance:

Whether you are establishing, scaling, or exiting your business, TAP provides clear, commercial advice for private companies and their shareholders.

Advisor Support:

In today's regulatory climate, our hands-on support ensures compliance and timely access to expert tax guidance, assisting with HMRC enquiries and optimising your claims.

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How Can TAP Help You



R&D Assessment: We identify eligible projects, map resources, and break down qualifying costs using a clear, proven methodology — covering both direct and indirect activities such as technical support, admin, and feasibility studies.

Documenting Claims: We create a well-evidenced claim, maintaining a full audit trail with contracts, timesheets, prototypes, test reports, training records, patents, and purchase details. All methodologies are reviewed by R&D and tax experts.

Defence & Best Practices: We manage claims from start to finish with HMRC, embedding strong processes and documentation to withstand scrutiny. We also review historic claims and benchmark activities to capture all eligible costs — including those from unsuccessful or abandoned projects.

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How Can TAP Help You

Cash Flow & Tax Reduction:

- R&D tax reliefs can inject cash into your business or lower your tax bill, with options for cash rebates, CT savings, loss reliefs, and immediate cash credits for loss-making companies (worth up to 33p/£1 spent under SME scheme).
- RDEC scheme offers elective “Above the Line” credits (13%), improving reported profits and project identification clarity.

Strategic Advantages:

- Innovation claims create unique selling points, attract investors, generate intellectual property, and foster collaborations with universities and other enterprises.
- TAP’s expertise strengthens your brand, reputation, and competitive advantage, while our team can advise on grant funding and patent strategy.

Ongoing Support & Review:

- TAP offers R&D workshops and claim reviews before deadlines, ensuring maximised claims and elimination of errors.
- Referral partnerships are available for advisors and clients with innovative businesses.



Our fees

We are pragmatic and sensible with our approach on fees, we understand that clients want transparency and no unexpected costs.

We therefore ensure that fees are agreed in advance wherever possible and practical.

For annual compliance work we will generally agree a fixed fee, for advisory services we will agree a detailed scope of the advice we have been instructed to provide and will agree a fixed fee or work on a time spent basis as appropriate and agreed in advance.

Our transparent approach encourages clients to pick up the phone to discuss their affairs.



Contact us

If you wish to discuss any R&D or Corporate matters, please
get in touch with your usual TAP contact or speak to the following team members:



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Thank you

The Tax Advisory Partnership is a member firm of the Chartered Institute of Taxation (CIOT). We are not Financial Advisors and are not regulated by the Financial Conduct Authority (FCA). Where appropriate we will work with your Independent Financial Advisor or we can introduce you to one who we have worked with in the past who can take care of the FCA aspects of any advice you require. However, our focus is on ensuring that any investment strategy you may select meets with your overall financial and taxation objectives.

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