



CORPORATION TAX SERIES

MERGED SCHEME 20%

R&D TAX RELIEF · CLAIM GUIDE

R&D Tax Credits Claim Guide and Checklist

A plain-English walkthrough of the merged R&D scheme, who qualifies, which costs count, and exactly how to file a clean claim under the new rules. Every figure checked against current GOV.UK guidance.

EXPENDITURE
CREDIT

20%

ERIS EXTRA
DEDUCTION

86%

ERIS PAYABLE
CREDIT

14.5%

• [START HERE](#)

What's inside, and the numbers that matter

For accounting periods beginning on or after 1 April 2024, the old SME and RDEC schemes are gone. There is now one merged expenditure credit, plus extra support for loss-making, R&D-intensive small companies. This guide covers both.

At a glance, the headline figures

MERGED CREDIT	NET BENEFIT	ERIS DEDUCTION	INTENSITY TEST
20%	15%	186%	30%
Of qualifying spend	After Corporation Tax, approx	100% + extra 86%	R&D of total spend

The five sections

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⚠ TWO FORMS NOW GATE EVERY CLAIM
Since the rules changed, most claims need a **claim notification** up front and an **additional information form** before the tax return. Miss either and HMRC removes the claim. Section 04 walks you through both.

🕒 What you'll need ABOUT 15 MINUTES

- Your accounting period dates** and whether you are profit or loss making
- A note of your projects** and the technical problems each one tackled
- Cost records:** payroll, subcontractor invoices, software and cloud bills

01 THE QUALIFYING TEST

Does your work actually qualify?

R&D relief is not for everyday product or software development. It is for work that tries to push a field forward and runs into genuine technical problems along the way. Two questions decide it.

An advance in science or technology

Your project must seek an **advance in the overall field**, not just an advance for your own business. The test is whether a **competent professional** in that field would agree the knowledge or capability did not already exist and was not readily deducible.

Scientific or technological uncertainty

There must be a real **uncertainty** that a competent professional could not easily resolve. If the outcome was obvious, or a known method already solved it, there is no qualifying R&D. The work is the effort to **overcome** that uncertainty.

OFTEN QUALIFIES	USUALLY DOES NOT	WHY
Building a process no off-the-shelf tool delivers	Routine use of existing software or kit	Advance
Solving an integration that experts found hard	A problem with a known, documented fix	Uncertainty
Developing a new material or formulation	Cosmetic or aesthetic changes only	Field, not taste
Adapting tech in a genuinely novel way	Market research, planning, admin	Non-technical

Source: GOV.UK, the meaning of R&D for tax purposes (BEIS Guidelines). The advance must be in the field overall, judged by a competent professional.



FAILURE STILL COUNTS

A project does not have to succeed to qualify. If you took a real technical risk and could not be sure of the outcome, the work of trying to resolve it can qualify **even if the project failed**.



WHERE THE FIELD ALREADY HAD THE ANSWER

If a **competent professional** could have solved your problem using existing knowledge, it is not R&D. Keep a short technical note explaining what was uncertain and why it was not readily deducible. That note is your first line of defence in an enquiry.

02 RATES & RELIEF

The merged scheme and ERIS

For periods beginning on or after 1 April 2024 there are two routes. Most companies use the merged expenditure credit. Loss-making, R&D-intensive small companies can choose the more generous ERIS instead.

The **merged scheme** gives a taxable **20%** expenditure credit on qualifying costs. Because the credit is itself liable to Corporation Tax, the net benefit lands at roughly **15%** of your spend (the exact figure depends on your Corporation Tax rate). **ERIS** is a separate, more generous route for loss-making companies whose R&D is at least 30% of total spend.

ROUTE	WHO IT IS FOR	HEADLINE	NET BENEFIT
Merged RDEC scheme	Almost all companies, profit or loss making	20%	~15%
ERIS	Loss-making, R&D-intensive small companies	186% + 14.5%	Cash credit
Intensity test for ERIS: R&D ≥ 30% of total spend			30%

Source: GOV.UK, R&D tax relief, the merged scheme and enhanced R&D intensive support. Periods beginning on or after 1 April 2024.

 **Worked example · merged scheme, £100,000 of R&D**

Qualifying R&D expenditure	£100,000
Expenditure credit at 20%	£20,000
Less Corporation Tax on the credit (at 25%)	- £5,000
Net benefit (about 15% of spend)	£15,000

 **ERIS: THE ROUTE FOR LOSS-MAKING INNOVATORS**

A qualifying company deducts an **extra 86%** of its R&D costs (a **186%** total deduction) and can surrender the resulting loss for a payable credit worth up to **14.5%**. You must be loss-making before the deduction and meet the **30%** intensity test.

 **THE PAYE CAP**

Payable credits are capped at **£20,000 plus 300%** of your relevant PAYE and National Insurance for the period. Companies with little payroll can find part of a claim restricted, so model this before you rely on a refund.


03 QUALIFYING COSTS

Which costs you can actually claim


Only certain categories of spend qualify, and some are restricted to a percentage. Getting the split right is where a clean claim is won or lost. Here is what counts.

COST CATEGORY	WHAT YOU CAN CLAIM	CLAIMABLE
Staff costs	Salaries, employer NIC, employer pension and the R&D share of time	100%
Externally provided workers	Agency staff on your R&D, if unconnected	65%
Subcontractors	Contracted-out R&D, if unconnected	65%
Consumables	Materials, power, water and fuel used up in R&D	Proportion
Software	Licence fees, or a fair share where partly used	Proportion
Data & cloud computing	Data licences and cloud costs used for R&D	Proportion


Source: GOV.UK, check what R&D costs you can claim. Connected-party rules can change the EPW and subcontractor figures. Data and cloud qualify for periods beginning on or after 1 April 2023.

 **Worked example · splitting an unconnected subcontractor**

Invoice from an unconnected R&D subcontractor	£30,000
Claimable proportion (65%)	£19,500
Merged scheme credit on that at 20%	£3,900
Net benefit on this line (about 15%)	£2,925

 **APPORTION TIME HONESTLY**

For staff who only spend part of their week on R&D, claim a **fair, evidenced proportion** of their cost. A simple time record or project log makes this defensible. Round numbers with no basis are the first thing HMRC questions.

 **WATCH THE OVERSEAS RESTRICTION**

For newer periods, subcontractor and externally provided worker costs are generally restricted to **UK-based** activity, with narrow exceptions. Your own staff, consumables, software, data and cloud costs are not restricted by location. Check where the work physically happens.

04 THE READINESS CHECKLIST

How to file a clean claim

Two extra forms now sit around the tax return. Work top to bottom and tick each box before you file. Miss a deadline on the left column and you can lose the whole claim.

Notify in time

Check if this is a **first claim** or your last was over 3 years ago GATEWAY

If so, file the **claim notification** form to HMRC DEADLINE

Notify within **6 months** of the end of the period of account

Note: skip notification too late and the claim is **invalid**

Prove it qualifies

Identify each project and the **advance** it sought

Describe the **uncertainty** a competent professional faced

Explain how you tried to **resolve** it, success or not

Keep a short **technical note** per project on file

Pick the right route

Default to the **merged scheme** (20% credit)

Loss-making? Test the **30% intensity** rule for ERIS HIGH VALUE

Model the **PAYE cap** before relying on a refund

Cost the claim

Total **staff** costs and apportion R&D time fairly

Apply **65%** to unconnected EPW and subcontractor spend

Add **consumables**, software, data and cloud proportions

Check the **overseas restriction** on contracted work

Keep **invoices and payroll** records to back every figure

File correctly

Complete the **additional information form** first REQUIRED

Name the **senior R&D officer** and any agent on the form

Describe enough projects to cover **at least 50%** of costs

Enter the claim in the **CT600** Company Tax Return

Submit within **2 years** of the period end

Book a **review** if any box on the left is still blank



ORDER MATTERS ON FILING DAY

If you send the additional information form and the CT600 on the **same day**, send the form **first**. Send the return first and HMRC may strip the R&D claim out.



— FREE 30-MINUTE R&D ELIGIBILITY CHECK

Not sure if your work qualifies?

Book a free, no-obligation call and a qualified accountant will pressure-test your projects against the advance and uncertainty rules, then tell you in plain English whether a claim is worth filing and what it could be worth.

- ✓ A straight answer on whether your projects meet the qualifying test
- ✓ A view on the right route for you, merged scheme or ERIS, and the likely net benefit
- ✓ A clear list of the records and forms you need before you file, no jargon, no charge
- ✓ Reviewed by qualified accountants (**ACMA, CGMA, ACCA, FCCA**)

★★★★★ 4.9 on Google · 56 reviews



SCAN OR VISIT

zmartly.co.uk/contact

Or call **020 8175 5145** · info@zmartly.co.uk
Mon–Fri, 9am–5pm

About this guide. Reviewed by Harvey Dhillon, ACMA CGMA. Figures verified against GOV.UK for the 2026/27 tax year and the merged R&D scheme (accounting periods beginning on or after 1 April 2024). This guide is general information, not advice for your specific circumstances; rates, thresholds and the connected-party and overseas rules can change. Always confirm your position with a qualified accountant before acting. © Zmartly 2026.