

Can You Combine Grants & R&D Tax Credits? | ReaDI-Watch

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In the world of Research & Development (R&D), businesses can often benefit from a combination of Innovation and R&D grants and R&D tax credits. These national and international supports are designed to incentivize companies to continue investing in the innovative activities that drive R&D.

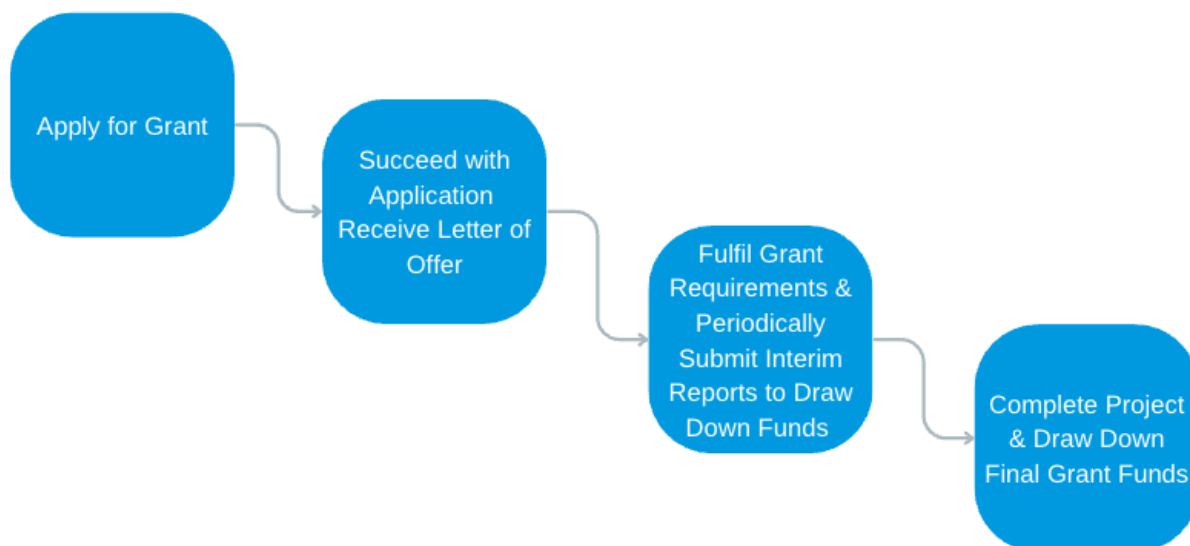
Understanding R&D and Innovation Grants

R&D grants are a form of financial assistance provided by governments to support businesses' Innovation and R&D projects. These grants usually can cover up to 50% (sometimes more!) of the total cost of a project incurred by a company. The goal is to encourage businesses to undertake new R&D projects and bring innovative ideas to commercialisation. In many cases, grants are provided to a "consortium" of partners who come together on a project.

For example, a software company might receive a grant to help fund the development of a new product, or a construction company might receive a grant to develop new building materials.

These grants are usually awarded on a competitive basis, and businesses must apply for them before starting the project.

Typical Grant Application & Draw Down Process



Typical Grant Application & Draw-Down Process

Understanding R&D Tax Credits

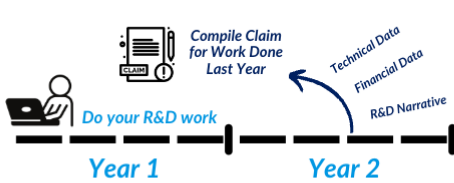
On the other hand, R&D tax credits are incentives offered by governments to encourage businesses to invest in

R&D to advance technology. The core requirement to claim R&D tax credits is that technological advancement is sought, beyond the known state of the art. Commercialization & use of existing technologies is not claimable as R&D.

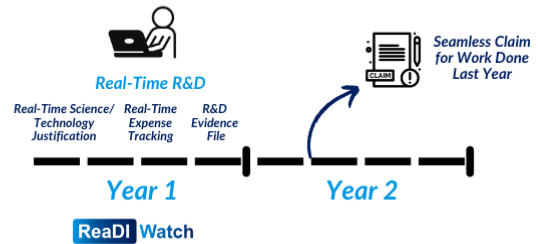
These R&D tax credits are calculated on the basis of "Qualifying Expenditure" incurred by a tax-paying company, and the R&D tax credit is either offset against tax liabilities owed by the company to Revenue, or paid back over a period of time to the business.

R&D Tax Credit claims are submitted by tax-paying businesses after the end of each financial year.

Typical Timeline to File a Claim - Retrospective



ReaDI-Watch "Real-Time" Approach



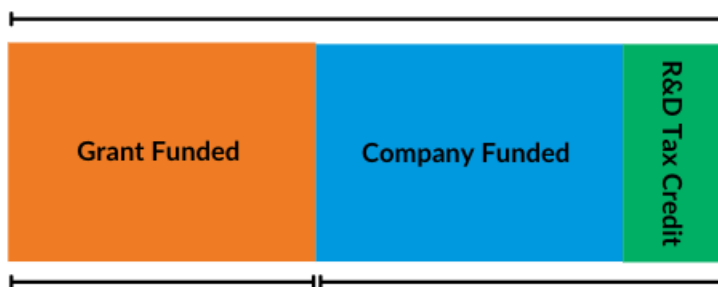
Typical R&D Tax Application - After the Financial Year End - Submitted with Corporate Tax Return

Stacking Grants and R&D Tax Credits

Combining grants and R&D tax credits can result in a significant boost to a company's R&D budget. This combination can also help maximize the benefits for a company's research, development and Innovation activities.

As an innovative company, you can never double dip - i.e., if you win grant funding for 50% of a project, you cannot claim an R&D Tax credit for 100% of the project - only the other non-funded 50%!

R&D Project Total Expenditure



R&D Tax Credits

R&D Tax Credits can be claimed after the company's financial year end, on "qualifying R&D" expenditure it has spent in the project.

Grant Funded

Companies apply for grant funding before project commences

Company Funded

Companies incur the rest of the expenditure needed to undertake the project

Example - an RD&I Project eligible for both Grants and R&D Tax Credits

How to Manage it all?

We've built [ReaDI-Watch](#) to help companies manage R&D Tax Credit & Grant claims seamlessly. Starting with

regular check-ins and moving to utilising our digital platform, customers like [Equal1](#) have made extensive use of these government supports to partially fuel their RD&I.

In conclusion, businesses that are engaged in R&D can benefit greatly from national and international grants and tax credits. By understanding the differences and combining the two effectively, companies can maximize the benefits and continue to invest in the innovative activities that drive R&D.
