

Your R&D Claim Is Only as Strong as Your Technology Evidence

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Most R&D tax credit claims are built around projects. A project starts, work happens, costs are captured, and at year-end someone – usually not the person who did the work – pulls it together into a claim. That process is familiar, and for many companies it functions well enough to produce a return.

The problem surfaces when Revenue or CRA looks more closely. Because auditors do not primarily challenge projects. They challenge whether the underlying technology actually qualifies – whether the work went beyond what a competent professional could resolve through standard practice, and whether the company can demonstrate advancement beyond the known state of the art in the relevant field.

A well-documented project with a poorly defined technology base does not hold up. A well-defined technology base with strong contemporaneous evidence does.

Why the technology layer matters more than the project layer

R&D tax credit frameworks – whether Ireland's Section 766, the UK's RDEC, or Canada's SR&ED – are written in terms of technology, not projects. The qualifying criteria ask whether a company has attempted to achieve a scientific or technological advancement. The project is simply the vehicle through which that attempt was made.

This distinction has a direct consequence for claims. When a company organises its R&D around projects alone, every claim cycle requires someone to reverse-engineer the technology story from project records – asking after the fact whether the work constituted a genuine advance and what the state of the art was at the time. This is the point at which claims get reduced, evidence gets challenged, and audit risk accumulates.

Companies that organise their R&D around a defined set of core technologies arrive at the claim cycle with a very different starting position. The technology is named. The state of the art is documented at the point work began, not reconstructed months later. The advancement is traceable from investigation to outcome. The claim follows the structure of the R&D, rather than being imposed on top of it after the fact.

What this looks like across sectors

The pattern is consistent across industries, though the specific technologies differ.

In **manufacturing**, core technologies might include subtractive or additive manufacturing processes, materials joining techniques, or production digitalisation. The R&D happens in both dedicated development programmes and in customer project delivery – where resolving a specific manufacturing challenge goes beyond known solutions. When those are connected to named technology areas, the claim is coherent. When they exist only as project line items, they are vulnerable.

In **MedTech**, core technologies often span device engineering, biocompatibility, and regulatory-grade validation methodology. The audit stakes here are particularly high – Revenue and CRA scrutiny of MedTech claims is disproportionately intensive, and the companies that hold up best are those with a structured technology record rather than a collection of project reports.

In **software**, the boundary between qualifying experimental development and standard software engineering is the most contested in any sector. A software company with named core technologies — a proprietary algorithm, a specific security architecture, a novel data processing approach — and a clear account of how each project advanced those technologies, is in a significantly stronger audit position than one whose claim rests on project descriptions alone.

In **industrial automation**, R&D frequently arises in the delivery of customer projects rather than in dedicated R&D programmes. Connecting that project-level work to named core technology areas is what makes it claimable — and defensible.

The audit implication

When Revenue or CRA applies the science test to an R&D claim, they are asking whether the company can demonstrate advancement beyond the known state of the art in a specific technology area. That question is answered more clearly — and more defensibly — when the company has a named technology, a documented state of the art, and a traceable record of the investigations conducted.

A claim built on project records alone asks the auditor to reconstruct this story from indirect evidence. A claim built on a structured core technology record presents it directly. The difference in audit risk is significant — not because the underlying R&D is different, but because the evidence is.

What this means in practice

Most finance directors first encounter this issue when a claim is challenged. The technical team insists the work was genuinely innovative. The auditor is not satisfied with the documentation. Both are right — the work may well have qualified, but the structure was not in place to prove it.

The fix requires a deliberate shift: from organising R&D evidence around projects to organising it around the technologies those projects were advancing. ReaDI Watch's Core Technologies framework gives companies a practical way to make that shift — and to arrive at the next claim cycle with a record that holds up.

Worth understanding before your next claim cycle — particularly if you are carrying audit risk into the current period.
