

# INSURANCE



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# INSURANCE

## ABOUT THIS SECTOR

Insurance companies are typically investing in software development to improve their customer experience, manage risk and develop cost cutting activities. They are also looking to manage and expedite the overall claims process by developing their own bespoke technology. The insurance industry is using technologies to be more proactive as opposed to reactive in its assessments. This often includes the use of software technologies to improve cyber security.

This creates opportunities for tax reliefs and incentives for the taxpayer.

## POTENTIAL R&D CLAIMS

Many companies are conducting qualifying R&D activities for R&D tax relief purposes in this sector on a daily basis, without even realising it. What may seem as typical day-to-day challenges in the office and field may qualify. This may include developing new products, processes or services or duplicating existing products and processes in an appreciably improved way. The development does not have to be blue sky innovation, however, it is necessary for the company to demonstrate some kind of technical uncertainty in the work being undertaken.

Typical qualifying activities within this sector include but are not limited to;

- Modernisation of the core legacy systems.
- Synchronisation of old legacy systems.
- Development of mobile applications to enhance the user experience, which can sometimes include replacing agents.
- Chatbots.
- Advanced algorithms to enhance questions and voice recognition.
- AI and machine learning to enhance the overall process for claims assessment.
- The use of machine learning and other technologies to detect fraud.



## POTENTIAL PATENT BOX CLAIMS

Companies that hold patents could qualify for a reduced corporation tax rate of effectively 10% on profits derived from those patents. Any company in this sector that does not hold a patent, should be reviewing its technological developments to consider its eligibility to apply for a patent and benefit from the significantly reduced 10% tax rate.

The technical hurdle to apply for a patent is not as high as you may think. Similar to R&D tax relief, what may seem as typical technology in the office or field, may be patentable and eligible for a 10% effective rate of tax.

Some examples of patents in this sector include but are not limited to;

- Telematics, Internet of Things technology and analytics.
- Apps dedicated to analysing the driving performance of a person.
- Smart technology for homes.
- Data mining technology and digital models.
- Technology relating to analytics.
- Drone technology to survey anything ranging from disaster-stricken areas to monitoring agricultural lands, for risk assessment and faster claim handling.

## POTENTIAL CAPITAL ALLOWANCE CLAIMS

Capital allowances enable commercial property owners to obtain tax relief relating to capital expenditure embedded within their building.

Capital allowances on plant and machinery and fixtures and fittings such as desks, chairs, computers and other office equipment will typically be claimed in the tax computation already.

However, many businesses in this sector are missing out on valuable capital allowances available not only on property owned for years, but on the;

- Acquisition
- Construction
- Refurbishment; or
- Extension of commercial property.

Typical items that qualify in offices include; fire alarms, security installations, mechanical ventilations, electrical systems, heating, lighting, air conditioning, lifts, builders work in connection with mechanical and electrical services, acoustic and thermal insulation, demountable partitions and strip out of plant and machinery during refurbishment works.

The value of capital allowances in office space is typically 20-40% of the purchase price, increasing to 65%-80% for office refurbishments. Of course, the extent of the opportunity depends on the level of the specification.

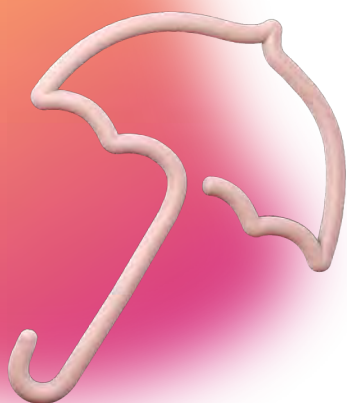
## DON'T LOSE OUT!

Allowances are often missed on these properties due to the lack of detail in the construction cost information provided by contractors. This information can consist of high level work summaries which are very difficult for non-specialists to break down and segregate, resulting in significant lost allowances.

Typically, elements missed in the capital allowances claims include demolitions, alterations and finishes. Furthermore, professional fees associated with plant and machinery on which we are claiming capital allowances are eligible, but are easily forgotten.

## YES! THERE'S MORE!

In addition, there is a little known tax relief called Research and Development Allowances (RDA's). If it can be identified that the purpose of the expenditure on plant and machinery, buildings and IT equipment was for the purpose of Research and Development, then 100% uncapped first year capital allowances can be claimed on this expenditure.





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WASTE MANAGEMENT  
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## SAY YES!

Let YesTax unlock your hidden qualifying expenditure. We are approachable, proactive and productive.

Our qualified experts will arrange a no obligation call to outline the process and assess the extent of your opportunity – you just have to say **YES!**

## NO SAVING, NO FEE – YES!

We're flexible, but typically we work on a contingent fee basis. Therefore, if YesTax is unable to identify any saving for you, there is no fee due!

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