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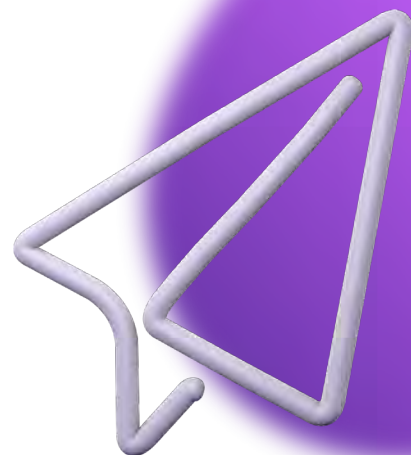


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Positively Better

# MARINE, AEROSPACE & RAIL



## ABOUT THIS SECTOR

Companies that supply equipment to the aerospace, defense and rail industries are highly regulated and strive to improve their competitive position by continually engaging in research and development aimed at expanding the company's range of products and applications. Their electrical and mechanical engineers, designers and machinists spend substantial amounts of time developing and enhancing the performance, quality, reliability and dependability of their products.

This sector also invests in high levels of capital expenditure. Aviation, marine and rail organisations regularly update their manufacturing facilities.

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

## POTENTIAL R&D CLAIMS

Many companies are conducting qualifying R&D activities in this sector 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;

- Developing new mechanical systems and components to improve aircraft performance and control.
- Developing new composite materials and manufacturing methods to reduce weight, durability and performance.
- Developing and refining new communication and navigation equipment and systems.
- Designing new or improved manufacturing processes to increase production efficiency or component quality.
- Incorporating new technologies into the design and manufacturing process, such as 3-D printing or computational fluid dynamics.
- Developing aftermarket performance products.
- Researching improved materials for component parts, such as polymers, alloys, and composites.
- Examining component defects or failures to improve product quality.
- Testing new or existing components to evaluate performance.



- Designing and developing vehicle performance improvements (e.g. fuel efficiency).
- Making improvements to automotive components.
- Generating prototypes for testing and validation.
- Developing new machines, fixtures, jigs, and tools for aircraft manufacturing and assembly.
- Developing new or improved manufacturing processes (such as CNC machine programmes and manufacturing plans) to build aircraft components with stringent specifications or tight tolerances.
- Development of new software applications to use internally, or to interact with customers and/or vendors.
- Intranet and Internet software in which scale and complexity present technological uncertainty.

## POTENTIAL PATENT BOX CLAIMS

Companies that hold patents could qualify for a reduced effective corporation tax rate of 10% on profits derived from those patents. Any company in this sector which does not hold a patent should be reviewing their technological developments to consider their 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;

- Handling technology for a car for the disabled.
- New surface-hardening methods.
- New heat-treatment profiles and procedures.

- Process developments for improved metal forming, welding, and machining techniques.
- Alternative fuel systems and components.
- Newer, more efficient emission systems or components.
- Windscreen wipers for a high-speed train.
- Process patents to increase product yield and decrease cycle times.

## 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 such as; computers, desks & chairs will typically already be claimed in the tax computation.

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

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

Typically items that qualify in high specification buildings are: specialist acoustic or thermal insulation, fire alarms, security installations, mechanical ventilations, electrical systems, heating, lighting, air conditioning, lifts, specialist flooring, building work in connection with mechanical and electrical services, demountable partitions, strip out of plant and machinery during refurbishment works.

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

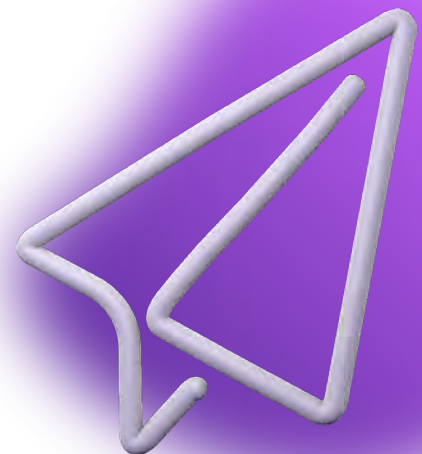
## DON'T LOSE OUT!

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. This can result in significant lost allowances.

Typically, elements missed in capital allowances claims include demolitions, alterations and finishes. Also, 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 to this, there is a little-known capital allowances pool 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 R&D, 100% uncapped first year capital allowances can be claimed on this expenditure.





AGRICULTURE



ARCHITECTS



BIOTECHNOLOGY



CLOTHING & FASHION



CONSTRUCTION  
INDUSTRY



COSMETICS  
& SKINCARE



DIGITAL MEDIA  
& GAMING



DISTRIBUTION  
& LOGISTICS



ENERGY & UTILITIES



ENGINEERING



FOOD & DRINK



FOUNDRIES



INJECTION MOULDING,  
PLASTICS & RUBBER



INSURANCE



MANUFACTURING



MARINE, AEROSPACE  
& RAIL



MATERIALS  
& CHEMICALS



MEDICAL DEVICES



PACKAGING



PHARMACEUTICALS  
& HEALTHCARE



PRINTING



SECURITY, LIGHTING  
AND ELECTRICAL



SOFTWARE & IT



TELECOMMUNICATIONS



TRAVEL SOFTWARE



WASTE MANAGEMENT  
& RECYCLING

## 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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