

- PACKAGING



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PACKAGING



ABOUT THIS SECTOR

Companies in the packaging industry face a variety of challenges to remain competitive. These include price and delivery requirements, performance characteristics, environmental concerns, availability of raw materials as well as safety and efficiency.

These companies engage in significant amounts of research and development focused on devising advanced production processes, systems and equipment. This creates significant 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 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;

- Designing and developing packaging system to be used in transporting a consumer product as well as displaying the product on a store shelf.
- Labelling systems using recycled materials.
- Evaluating paper and plastic sheet materials for use in the construction of a packaging system for a food product that must meet strict dry storage legislative requirements.
- Developing tooling for a new package fabrication process.
- Devising and experimenting with alternative process methodologies for the forming of a complex multi-component packaging system.
- Developing packaging to be the same quality as brand new packaging but manufactured using high amounts of recycled material.

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;

- Packaging testing technology.
- Patent for easy grip on peanut butter jar.
- Patent to optimise the neck of a bottle for carbonated drinks.
- Self-heating food can.
- Child resistant blister packs for tablets.
- Twist-locks on pump sprayers.
- Pet food fluid dispenser.

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 and chairs 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 commercial property owned for years, but also on the;

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

Typically, items that qualify in commercial spaces 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, strip out of plant and machinery during refurbishment works and much more.

The value of capital allowances in warehouse space is typically 15-30% of the purchase price, increasing to 30-60% 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 and can result in significant lost allowances.

Typically elements missed in the 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.





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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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