Research and development tax credits

The better the question. The better the answer. The better the world works.

Shape the future with confidence

Overview

If a company is engaged in R&D activities, this can result in 30% cash refunds for the purposes of the R&D tax credit

From our experience, many companies have failed to claim the credit, or missed the opportunity to claim the credit due to:

- Misplaced belief that the credit only applies to 'white coat' activities
- Over reliance on subcontractors
- Uncertainty of whether activities could qualify
- Lack of complete records
- Fear of Irish Revenue scrutiny

To be performing R&D as defined by the legislation (section 766 of the Taxes Consolidation Act 1997) means satisfying certain conditions.

Qualifying activities must be:

- Systematic, investigative or experimental in nature
- Conducted in a Revenue approved field of science or technology
- Involve basic research, applied research and/or experimental development
- Seek to achieve scientific or technological advancement
- Involve the resolution of scientific or technological uncertainty

What is R&D?

Technology

- Design, construction, and testing of systems, devices or processes, such as new hardware or software components, digital interface and control systems
- Integration of legacy and new systems, for example following corporate mergers or acquisitions, or adoption of an enterprise architecture
- Data intensive activities, including, collection, storage and analysis, distribution and retrieval; defining or working with new or emerging data models and metadata standards, integration with third-party content
- Modification to existing processes or systems to improve throughput or increase efficiencies; establishing capacity, performance, scalability, availability, security
- Advances in network management and operational tools, development of wired and wireless technologies, designing mobile and interactive services, evolution of next generation network switching and control systems
- Development of virtualisation techniques to deliver scalable, secure and reliable business applications over the internet
- Implementation of grid computing concepts that maximise data centre utilisation, enabling demanding service level agreements to be met
- Improvements to network infrastructure and application architectures to cope with peak-load activity
- Delivering high-bandwidth internet services that are both device and location independent

Manufacturing

- Design, construction, testing and trialling of prototypes and/or pilot demonstration plants/processes resulting in higher production yields
- Scaling investigative work from one off trails/pilot plants to full scale experimental trials on production processes
- The design and development of new fabrication, construction, processing or material handling techniques to improve reliability, repeatability, increase production throughput, improve performance, improve strength or reduce weight, i.e., lean manufacturing including Six Sigma, Kaizen, etc.
- The design development and implementation of unique software and hardware to improve efficiency and reduce waste/reworks, i.e., the integration of automated or digital technology to remove manual tasks including product testing
- The design and development of new or improved manufacturing techniques/processes in response to changes in health, safety and environmental legislation and increasingly challenging constraints
- Investigative work identifying causes of product failure and development of solutions and improvements to correct unforeseen post release failures, i.e., root cause analysis

Energy and natural resources

- The investigation and development of novel technologies to improve energy production, distribution, storage and utilisation
- The investigation, development and the introduction of novel materials/ designs to existing systems to significantly improve output, useful life or reduced costs
- The novel design and development of networks and systems to monitor and communicate energy usage
- Modification to existing processes or systems to improve throughput or increase efficiencies; establishing capacity, performance, scalability, availability, security
- The design and development of new fabrication, construction and material handling techniques to improve performance and improve strength in the installation of energy generating equipment
- Development of new or improved techniques or technologies in response to changes in health, safety and environmental legislation or regulatory requirements
- The development of pilot and industrial scale Bio-fuel production facilities using a variety of feed materials
- Investigative work and technical problem solving performed by engineers or technicians, that is, over and above routine troubleshooting

Pharmaceutical and life science

- Design, construction, testing and trialling of new prototypes and pilot plants
- Development of new technologies to support improvements to existing processes that are designed to increase efficiencies or decrease costs
- Design, construction, testing and trialling of new prototypes and pilot plants
- Replacement of new or alternative materials, re-agents or excipients into existing processes as a result of change in supplier
- Scaling up manufacturing and packaging trials or prototypes to full scale production batches
- Development of new or improved analytical tools with better sensitivity/ range/accuracy
- Development of new or improved techniques or technologies in response to changes in health, safety and environmental legislation
- Overall project planning activities of new launch products, from R&D Centre to first commercial batches
- Development of new or improved processes for existing post-marketed products (some generic drug development)

Food and drink

- Creating and developing new recipes/formulations to address emerging consumer preferences (such as reduced sodium, natural ingredients, sugar substitutes)
- Improving manufacturing technologies, processes, and procedures to increase yield, reduce waste and by products, improve safety, or comply with regulatory requirements or environmental legislation
- Developing new packaging and packaging systems or redesigning existing packaging to reduce waste or improve shelf-life
- The development and implementation of unique systems used in the tracking of food products/ingredients throughout the supply chain
- Developing fully-cooked equivalents to par-cooked foods while still maintaining acceptable flavour profiles, product presentation and shelf-life
- Waste or wastewater treatment technology development, or projects to decrease water consumption.
- Manufacturing experimental batches and pilot runs of new recipes and formulations for testing

Financial services

- Integration of legacy and new systems; integration of new platforms and products, including COTS and in-house developed software
- Design of high concurrency architectures to deal with peak time activity; use of technology to maintain high service levels at maximum load
- Improving scalability, performance and interoperability of systems, including COTS packages adapted to meet unique requirements
- Building data warehouse and decision support systems; data intensive activities, including collection, storage and analysis, distribution and retrieval
- Implementation of new or emerging financial products into new or existing applications and systems
- Compliance with new regulatory controls
- Financial modelling and simulation; development of algorithms, including the technical design and implementation of systems and processes to support efficient ‘number crunching’
- Modification to existing processes or systems to improve throughput or increase efficiencies, establishing capacity and improving performance, building scalability

How can EY assist you making a claim?

Our R&D team has a proven track record of offering a uniquely integrated service to clients by combining the skills of engineers, scientists and qualified tax advisors

- We are a dedicated and highly specialised team focusing on assisting clients maximise their R&D tax claims
- A multi-disciplinary team made up of engineers, scientists, industry specialists and tax professionals
- We secured the first Irish Revenue pre-approval for a client in the software sector, which encompassed a technical review by an industry expert engaged by Irish Revenue
- Our tailored approach can include delivering feasibility studies and R&D workshops, providing full Revenue audit support, calculating R&D expenditure and drafting detailed technical reports, among other services

Offer free feasibility study	Provide full Revenue audit support	Conduct mock R&D Audits and in-house training	Calculate R&D expenditure
Develop optimal claims methodology	Conduct technical interviews	Prepare technical project reports	Assist with pre-notification requirement applications

“Our team of engineers, scientists and industry experts can speak your language and draft your technical reports, allowing your R&D teams to focus on what they do best.

Ian Collins
Partner and Head of Innovation Incentives

Our credentials

We have a market leading success rate in Irish Revenue technical audits for clients who filed R&D tax credit claims

We have a local specialised team that form part of a global network of industry specialists dedicated to R&D claims. We liaise regularly with the Irish Revenue, Department of Finance, and Department of Jobs, Enterprise & Innovation on R&D tax credit matters including:

- Audit approach
- Application of Revenue guidelines

We have lobbied, and continue to lobby, for changes in law to improve the R&D tax credit regime such as:

- Increasing the rate for sub-contracting
- Reducing the administrative burden for small and medium sized enterprises making a R&D tax credit claim
- Seeking cash refunds for companies incurring tax losses

Qualifying spend: €74m+
R&D Tax Credit: €18.6m+

Client: International leader in computers and mobile technology

Project: Assist with writing and documenting

R&D projects

FY16 to date

Qualifying spend: €86.5m+
R&D Tax Credit: €21.6m+

Client: Multinational medical devices and healthcare company

Project: Assist with writing and documenting

R&D projects

FY16 to date

Qualifying spend: €195m+
R&D Tax Credit: €48m+

Client: International leader in the technology and consulting industry

Project: Assist with writing and documenting

R&D projects

FY15 to date

Qualifying spend: €81m+
R&D Tax Credit: €20.4m+

Client: World leader in global financial services management

Project: Assist with writing and documenting

R&D projects

FY15 to date

Find out more

Ian Collins

Partner and Head of Innovation Incentives

+353 87 791 2703

ian.collins@ie.ey.com

Enda Kelly

Partner, Innovation Incentives

+353 91 864 965

enda.kelly@ie.ey.com

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All in to shape the future with confidence.

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Ernst & Young, Harcourt Centre, Harcourt Street, Dublin 2, Ireland.

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