

# RESEARCH AND DEVELOPMENT PHARMACEUTICAL

The Irish research and development (R&D) tax regime provides a 25% credit for qualifying expenditure on qualifying activities.

This means that companies can now obtain an effective tax deduction of up to 37.5% with the possibility of the value of the R&D tax credit being refunded where there is not a sufficient level of taxable profits within the company/group.

Consider how much money your business spends when trying to develop or improve its products or processes.

Now imagine you could reduce that by 25%.

## FEATURES OF THE IRISH R&D TAX REGIME

Companies are entitled to a credit of 25% of the total qualifying R&D expenditure incurred for periods commencing on or after 1 January 2015. The credit can be used to:

- Reduce the company's corporation tax liability of the period
- Reduce the corporation tax liability of the previous year, or
- If unused, the credit can be refunded by the tax authorities subject to certain restrictions.

The credit is in addition to the normal corporation tax deduction for the expenditure.

The claim must be made within one year of the end of the accounting period in which the expenditure has been incurred. However, many companies are not actually aware that they are carrying out activities that may qualify for this lucrative relief. R&D activities are not limited to those that occur in a traditional research lab. In fact most claims are for experimental development which often takes place right on the factory or shop floor.

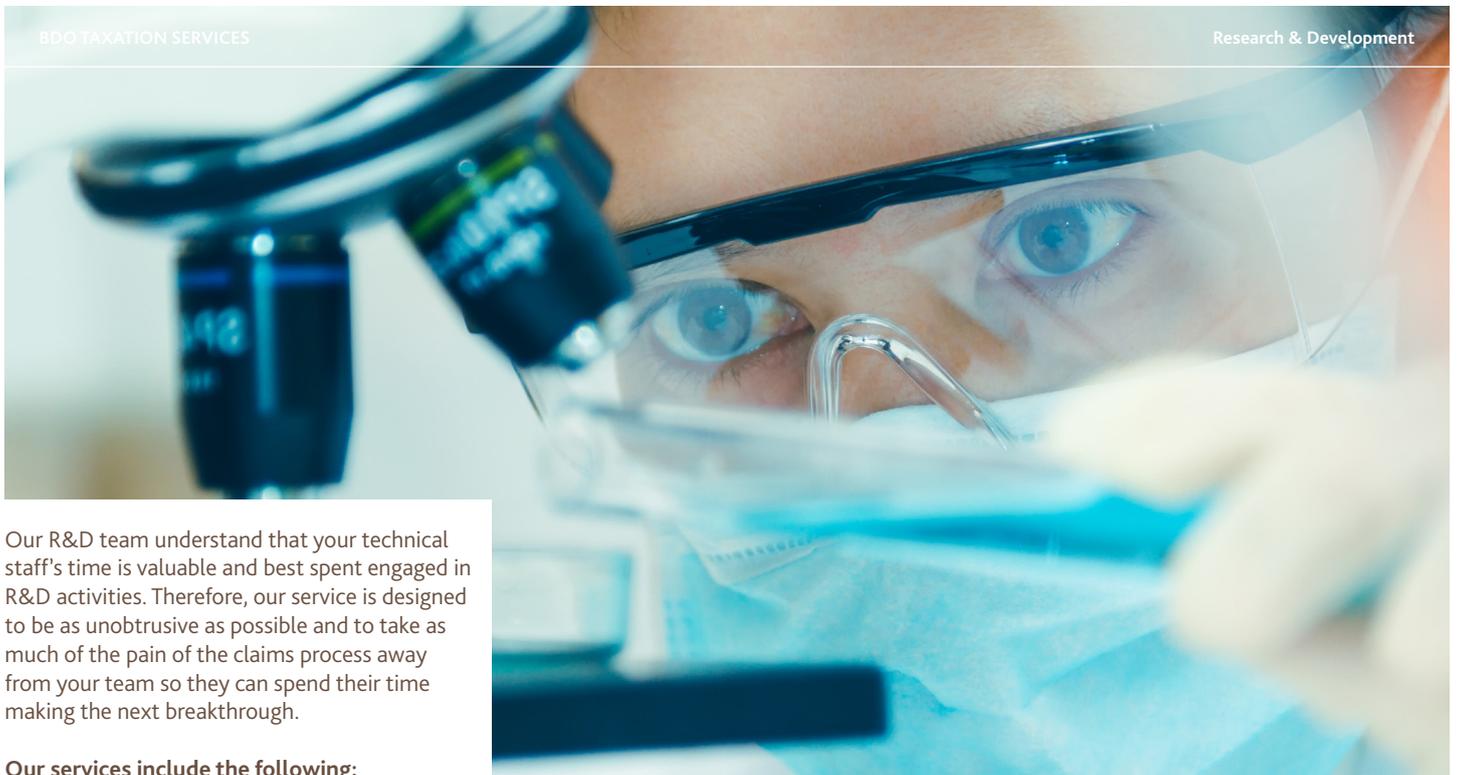
## TYPES OF ACTIVITIES BDO HAVE FOUND TO QUALIFY IN THE PHARMACEUTICAL SECTOR

The Pharmaceutical sector is a substantial indigenous industry engaged in activities including the development and manufacture of human and veterinary medicinal products in which BDO has wide experience. While it is impossible to provide an exhaustive list and each case would have to be reviewed in its own context to assess eligibility, the following are areas where we have, in the past, found qualifying R&D activities in the sector:

- New drug development
- Existing formulation enhancement
- Package and/process development
- Performance studies
- Raw material substitution
- Product reformulation
- Process optimisation.

If you are carrying out some of the above activities contact one of our dedicated R&D Tax Service Team overleaf.

“BDO's approach has led to a significant reduction of time for our project scientific staff in drafting documentation”



Our R&D team understand that your technical staff's time is valuable and best spent engaged in R&D activities. Therefore, our service is designed to be as unobtrusive as possible and to take as much of the pain of the claims process away from your team so they can spend their time making the next breakthrough.

**Our services include the following:**

Project Identification

Project Qualification

Engineer-led Approach

Report Writing

Documentation Review

Process Review

Technical Compilation

Revenue Audit Support

Costing Compilation

Technical Workshops

Claims Review

Taxation Experts

Multidiscipline Dedicated Team

Claim Project Management

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