



# **Tax Breaks for Dairy Innovation**

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# R&D Tax Credit

- 1,500 qualifying companies per annum
- Cost to Exchequer of €261 million per annum
- €1.96 billion spend per annum on R&D
- 60% would have invested less if not for R&D credit
- 82% of companies also in receipt of grant-aid





# Cash value

- 25% tax credit for R&D expenditure
- Reduces corporation tax
- Or refund over 3 years based on PAYE levels
- Cost of buildings (or part of) and plant qualify fully in year of spend





# What qualifies

- Scientific or technological advancement
- Food production
- Resolution of uncertainty
- Processes, products etc.





# Critical points

- R&D and finance link on costs
- Costs captured on a first hand basis
- R&D team take responsibility for documenting the process
- Do not leave as part of the finance function
- Led by R&D team



# Land-mines

- Claw-back if building used for non R&D purposes within 10 years
- Sub-contracting:
  - Greater of €100k p.a. or
  - 5%/15%



# Other tax reliefs

- Knowledge Development Box
- Plant capital allowances
- Capital allowances for intangible assets
- Transfer of R&D credit to employees (50% of time)
- Employment and incentive (“EI”) Initiative



# Foreign Earnings Deduction

- 31 December 2017.
- Max annual deduction is €35k
- 40 days over 12 months – was 60
- 3 consecutive days – was 4
- Only 83 claims in 2012!





# Conclusion

**It pays to be innovative!**





# Questions





# Contact Details

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