

www.invenntluxe.com

R&D tax credits

An introduction for Cosmetics, Fragrances
and Beauty Products

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Introduction to Invennt Luxe

Like many of the best ideas, Invennt Luxe grew out of a chance encounter.

Invennt Luxe is the go-to consultant for R&D tax credit claims for businesses manufacturing and retailing luxury consumer goods. Together with a growing group of enterprising clients, the business is increasing the number of claims made by cosmetics and fragrances brands and transforming the face of innovation in the industry, by helping brands make use of tax incentives designed to encourage innovation and technological advancement in the UK economy.

Invennt Luxe is part of Invennt Group and emerged out of a chance encounter between a well-known fashion designer and Invennt's co-founder, Tim Fitch. During this tête-à-tête it became apparent that much of the product development activity that is generously

rewarded with tax relief in other sectors is rarely claimed in the cosmetics and beauty sector. Having worked with several leading fashion brands, it quickly became plain that the same unfamiliarity with the R&D tax credit scheme in the sector also applied to adjacent sectors such as cosmetics, fragrances beauty, jewellery and more.

Since then, Invennt Luxe has become the go-to consultant for R&D tax credit claims in cosmetics, fragrances and beauty, helping a growing number of enterprising clients, inject additional capital into their business and transforming the face of innovation in Britain's leading luxury goods sectors.



R&D tax credits explained

Introduced by the UK Government in 2000, R&D Tax Credits are designed to encourage innovation by allowing businesses to reclaim some of the money they have spent on developing new – or improving existing – products, services and process.

The opportunity for cosmetics, fragrances and beauty:



Loss-making SMEs can claim R&D Tax Credit repayment up to £33.35 for every £100 spent on qualifying R&D expenditure.



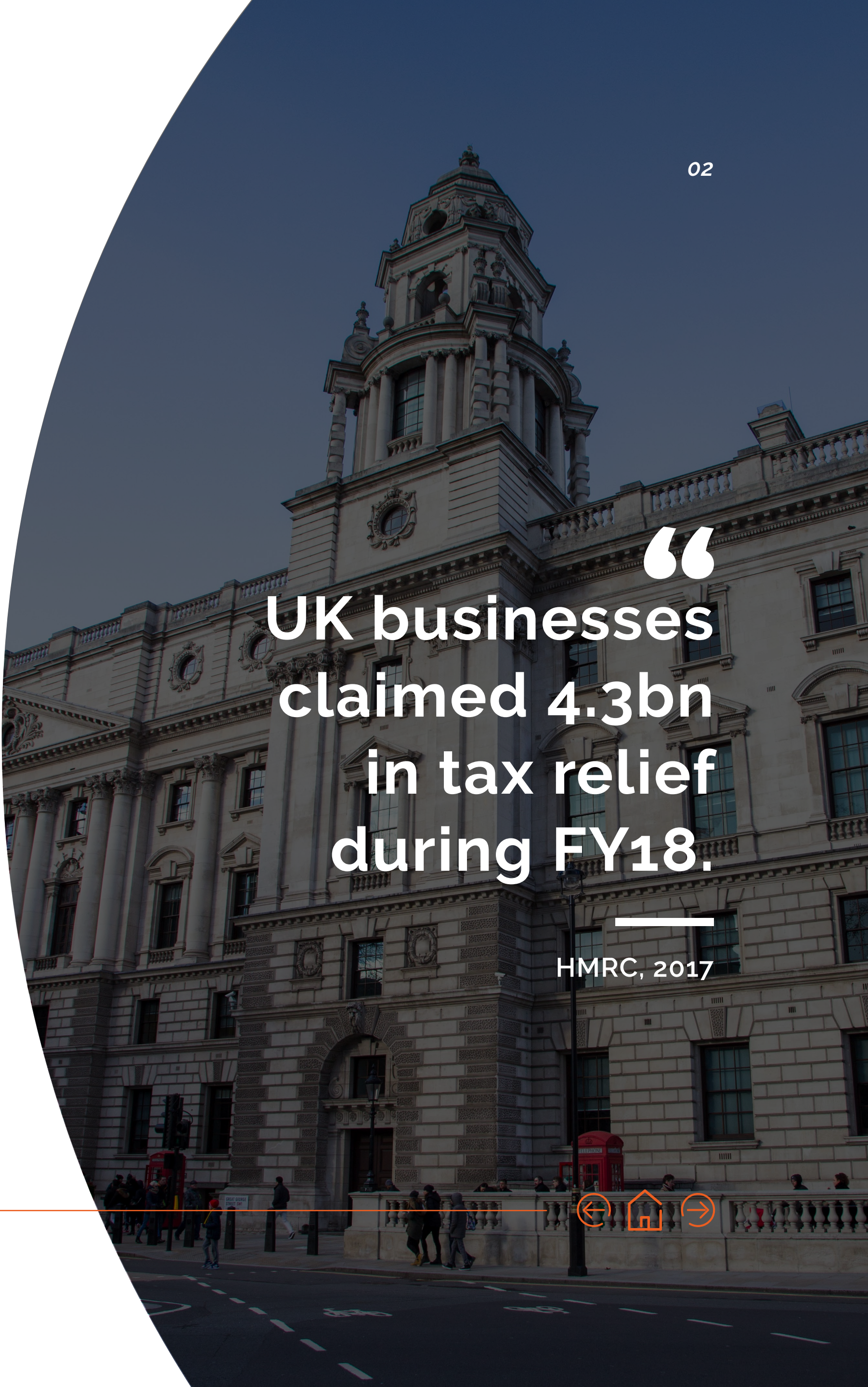
Profit-making SMEs can claim R&D Tax Relief which reduces their corporation tax bill by up to £24.7 for every £100.

Large companies can claim tax repayment of 9.7% of qualifying cost if profitable or 13% if unprofitable.



HMRC define R&D as any project that seeks to:

- Extend overall knowledge or capability in a field of engineering or technology
- Create a process or service that extends knowledge or capability
- Make an appreciable improvement to an existing process, material, device or service in a new or improved way.
- Use science or technology to duplicate the effect of an existing process, material, device or service in a new/improved way.



“
**UK businesses
claimed 4.3bn
in tax relief
during FY18.**

—
HMRC, 2017



How is this relevant to cosmetics and fragrances?

With intense global competition and pressure to keep costs low, the UK cosmetics, fragrances and beauty industries are fertile ground for research and development. If you create or develop new chemical formulations, ingredients, production processes or methods; alter existing formulations and

methods for new purposes; or adapt your formulations to suit client or supply chain demands then the likelihood is that you are undertaking R&D in the eyes of the tax man. Yet despite this, the UK beauty industry continues to underclaim relative to it's prominence in the UK economy.

Qualifying expenditure is comprehensive:

- Direct staff
- Indirect staff
- Software
- Material
- Academic research
- Subcontractors*

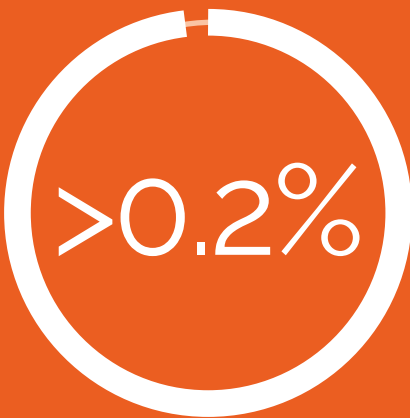
**SMEs only*



Despite recent progress, the beauty industry continues to underclaim relative to its share of the economy



The beauty industry's contribution to UK GDP



The beauty industry's share of claims

The Invennt difference

Don't put the cart before the horse

Unlike other tax credits, the R&D scheme requires significant technical knowledge as well as tax and accounting expertise to compile and formulate a compliant claim. Most companies that offer claims advice started out as accountants, so understandably they start with tax expertise and retrofit technical knowledge to their process. This means that frequently a tax accountant will write the claim and then have it checked by an expert in the relevant field.

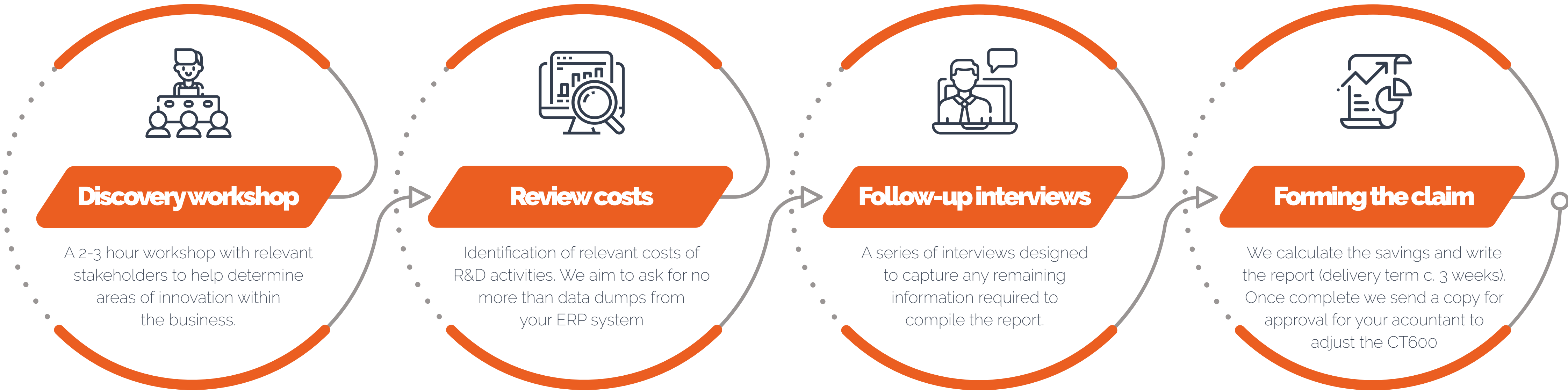
Conversely, we start with detailed practical knowledge of the beauty industry and then apply tax expertise to ensure compliance with the rules set out in the tax code.

This may seem like a distinction without a difference but it is significant. To use an example, if you wanted to publish a book on cosmetic formulations it's pretty important to have a publisher on board, but you wouldn't necessarily want them to write the chapter on the emollient properties of almond butter.

Similarly, if you're compiling an R&D tax credit claim its essential to understand the intricacies of the tax code but you won't get very far without people who really understand the technicalities and processes of cosmetics, fragrances and beauty. That's why we have consciously assembled a team with skills in the relevant fields.



Invennt claims process



International reach

Our international reach enables us to apply best practice from multiple jurisdictions and offer a consistent international service for businesses operating in the United Kingdom, the Republic of Ireland and Canada.



The Invennt difference

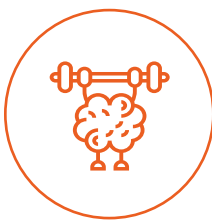
Invennt is the leader in R&D tax credits for the cosmetics and fragrances industry. Our customers choose us because of our unrivalled technical knowledge, streamlined claims process and track record of success.



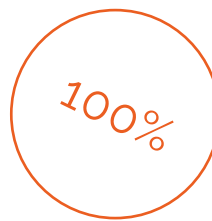
We have detailed contextual knowledge of the beauty industry



We understand and can rapidly identify innovation in the sector



Our consultants do all the hard work and minimise the effort undertaken by internal teams



We have a 100% success rate and have never had a report rejected by HMRC



Our reports are endorsed by one of the UK's leading R&D tax credit specialists



We unlock innovation you didn't know existed to bring you lasting tangible value





Thank you

If you would like to find out more visit www.invenntluxe.com/or call +44(0) 203 286 9830

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