R&D tax relief advance clearances

A public consultation issued by HMRC
Comments from ACCA to the HMRC

23 May 2025

REF: TECH-CDR-2240

About ACCA:

We are ACCA (the Association of Chartered Certified Accountants), a globally recognised professional accountancy body providing qualifications and advancing standards in accountancy worldwide.

Founded in 1904 to widen access to the accountancy profession, we've long championed inclusion and today proudly support a diverse community of over 252,500 members and 526,000 future members in 180 countries.

Our forward-looking qualifications, continuous learning and insights are respected and valued by employers in every sector. They equip individuals with the business and finance expertise and ethical judgment to create, protect, and report the sustainable value delivered by organisations and economies.

Guided by our purpose and values, our vision is to develop the accountancy profession the world needs. Partnering with policymakers, standard setters, the donor community, educators and other accountancy bodies, we're strengthening and building a profession that drives a sustainable future for all.

Find out more at: www.accaglobal.com

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GENERAL COMMENTS

ACCA welcomes the opportunity to respond to HMRC on R&D tax relief advance clearances and provide the following summary response, our responses to individual questions follow:

- Trust lies at the heart of a healthy relationship between a tax authority and the taxpayers and agents who interact with it. A lack of investment has, over time, damaged relationships between HMRC, compliant taxpayers, and the agents supporting them, with service standards at HMRC falling to an unacceptably low standard.
- We value the role we play in supporting the operation and development of the HMRC Charter. It is a useful tool to ensure continuous improvement, with independent scrutiny a key part of its success.
- We believe that HMRC should recognise the value of timesaving and trust that professional body regulated agents provide. In relation to R&D we believe that HMRC should restrict R&D claims to professional body regulated agents in order to minimise error and fraud in submissions. We believe this would:
    - improve the quality of submissions
    - reduce fraud and error
    - provide timesaving to HMRC and reduce the number of post-submission claims that have to be reviewed.

Question 1: Are you responding to this survey as:

- a company
- an agent
- a professional body
- an academic
- other (please provide details)

IF RESPONDING AS A COMPANY

Question 2: What is the size of your company? (please select)

- micro (Turnover < £1 million, Balance Sheet < £500,000, Employees < 10)
- SME (Turnover < £15 million, Balance Sheet < £7.5 million, Employees < 50)
- mid-size (Turnover < £54 million, Balance Sheet < £27 million, Employees < 250)
- large (Turnover > £54 million, Balance Sheet > £27 million, Employees > 250)

Question 3: Have you claimed R&D tax reliefs previously?

No

Question 4: Please choose which sector your main business activities are in:

- agriculture, forestry and fishing
- mining and quarrying
- manufacturing
- electricity, gas, steam and air conditioning supply
- water supply, sewerage, waste management and remediation activities
- construction
- wholesale and retail trade; repair of motor vehicles and motorcycles
- transportation and storage
- accommodation and food service activities
- information and communication
- financial and insurance activities
- real estate activities
- professional, scientific and technical activities

- administrative and support service activities
- public administration and defence; compulsory social security
- education
- human health and social work activities
- arts, entertainment and recreation
- other service activities
- activities of households as employers; undifferentiated goods – and services – producing activities of households for own use
- activities of extraterritorial organisations and bodies

THE FOLLOWING QUESTIONS APPLY TO ALL RESPONDENTS

Question 5: Where does your business operate? (please select all that apply)

- England
- Scotland
- Wales
- Northern Ireland
- Isle of Man
- EU
- Other (please specify) Global

Question 6: Please provide your company's or organisation's name unless you are responding on your own behalf.

ACCA (the Association of Chartered Certified Accountants),

Question 7: Please provide the best email address we can use to contact you.

gemma.gathercole@accaglobal.com; glenn.collins@accaglobal.com

Question 8: To help us monitor the demographic of respondents, please provide the postcode for your company or organisation.

WC2N 6AU

Question 9: Were you aware of the advance assurance scheme before this consultation?

Yes

ACCA Comments [Summary response, but particularly applicable to Q15, 17, 24, 25]

In principle, ACCA believes that there should be a voluntary opportunity for businesses to obtain advance clearance for Research and Development (R&D) claims, however, the process to obtain these clearances should not create additional burden, delay or cost in to the process. The process is currently not clear enough and support from HMRC is not consistent enough to support businesses and their agents to invest time in the pre-activity clearances.

While the principle of advance clearance is attractive, the fact that the outcome of the process only provides "a degree of assurance that the claim will not be subject to enquiry for three years" will limit it's use. Agents and businesses are unlikely to volunteer or pay for an assurance process that does not provide tangible benefit, like sufficient assurance that there will not be further review by HMRC after application.

ACCA believes that HMRC should undertake further assessment to determine whether a single model of clearance would suit all businesses. HMRC should consider whether it would be possible to design a system to provide different levels of assurance so that businesses and their agents could select the process that would be most beneficial to their plans. This should also include a route for businesses that have previously claimed R&D relief and not be limited to those who have never claimed before.

ACCA members frequently provide feedback on their experience of the R&D claims process. The most common theme of these responses comes from the unacceptably poor levels of customer service that agents and businesses receive.

Despite raising concerns directly with HMRC, standards are not improving, as noted in the recent HMRC Charter report[1]. We have repeatedly called for greater investment in HMRC to tackle this area. Repeated surveys of our members demonstrate significant and sustained negative impact on productivity and efficiency:

[1] HMRC Charter annual report 2023 to 2024 - Charter Survey

		Oct 2023	Mar 2024	Aug 2024	Mar 2025
To what extent, if any, have HMRC services levels impacted on productivity and efficiency for your organisation and/or your clients' organisations?	**Positive impact**	**4%**	**2%**	**1%**	**1%**
	No impact	**33%**	**25%**	**7%**	**21%**
	Negative impact	**52%**	**66%**	**89%**	**67%**
	N/A	**10%**	**7%**	**3%**	**11%**

It is difficult to overstate levels of concern and frustration being experienced by a substantial proportion of our members in business in their contact with HMRC. While this covers the full range of HMRC services, there has and continues to be consistent feedback on problems with the R&D clearance and claims processes.

In relation to R&D claims, agents point to:

- difficulty in communication – both consistency and time taken
- inconsistency in responses and advice – across claims and even within the same claim
- lack of appropriate records so that agents receive different advice on the same issue despite having previously had the issue addressed with HMRC advisors.

To improve the R&D clearance and claim processes, ACCA believes that HMRC should restrict the claiming of these reliefs to be handled solely by professional body regulated agents. We have raised this with government and HMRC previously. Professional body regulated agents are already committed to ethical and professional standards and their involvement can provide additional trust into the process and vital timesaving for HMRC. We believe that restricting these claims to professional body regulated agents would reduce the levels of error and fraud. There are also benefits for HMRC and the Exchequer.

ACCA also recommends improvements to the case management of R&D claims, agents and taxpayers would expect their claim to be handled by a single case manager. While we are not recommending that is a single person, there should be improvements in the recording of discussions and claims so that the service is seamless. Currently agents report having to repeat information, questions and provide the same information on multiple occasions, this exacerbates the difficulties experienced and slows down the process.

ACCA does not believe there is yet a case for making a clearance process mandatory. We believe that further process analysis and service improvement is required and should be embedded before this could be considered. We already have reports from agents that businesses are turning to other jurisdictions for their R&D processes because the UK provides an administrative burden and is more costly. We would recommend retaining the current pre-activity clearance but would like to see improvements in the speed and accuracy of processing in order to make this process more attractive to businesses and their agents, to attract inward investment and continuing to promote R&D in UK businesses.