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Look deeper. Seize the opportunity.

Automotive industry

Global Investment and Innovation Incentives (Gi³)

The automobile will be the most sophisticated technology owned by most consumers. For the manufacturer, and companies in the supply chain, the full range of R&D activities needed to deliver a safe, reliable and cost effective product able to meet increasingly stringent environmental demands are often missed when organisations prepare R&D claims. The breadth of the R&D, and the associated costs that can be claimed, are not fully appreciated.



For example, it is not always clear the extent to which costs linked to 'NVH development mules', powertrain, 'Body-in-White' and instrumentation prototyping can be included in an R&D tax claim.

The task of justifying the claim often rests with the finance team, who are not familiar with the technology, or with senior technical staff who are dealing with conflicting demands. Discussions with our clients show that determining exactly which development activities are eligible, where the technological uncertainty ends, and which costs can be included is extremely difficult for anyone who does not have both an understanding of the technology and experience of preparing and agreeing claims in the industry.

Preparing documentation to support the claim is also very different from the documents produced internally on a project, and its preparation can be time consuming for those who are unfamiliar with the complexities of the tax legislation. For a claim to be robust, that documentation must highlight the technological complexities faced, present them in a way that a tax inspector can appreciate and demonstrate a direct link between those complexities and the claimed costs.

Deloitte has a dedicated team that includes a group of highly qualified senior engineers and scientists. Together, their combined automotive industry experience amounts to more than 30 years, covering the Prime, Tier 1 and 2, and wider supply chain organisations.

Our R&D specialists are sited within the automotive technology clusters across the UK, allowing us to leverage local industry knowledge with best in class tax practices to help our clients benefit from this regime.

Activities likely to qualify as R&D

Our technological expertise covers the full spectrum of the automotive industry, from clay model developments and vehicle electronics systems to production line architecture, materials development, recycling and vehicle security solutions. Examples of eligible activities we have successfully claimed include:



Climatic trials and demonstration testing of prototype vehicles



Integration and packaging of existing equipment and systems within platforms, where such equipment has not previously been fitted together



Kaizen based cost and weight reduction, system enhancements, digital model verification, testing, software development, reliability and maintainability improvements



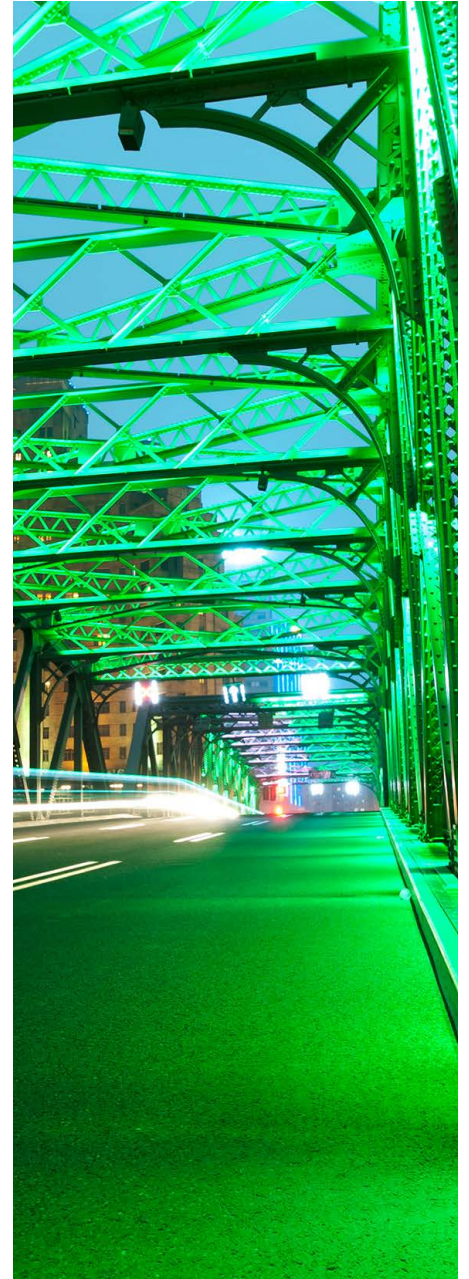
Development of vehicle security protocols, and linked analysis and testing



Motorsport impact testing



Lean manufacturing process improvements to improve process robustness, and product consistency



The Deloitte difference

In addition to assisting with R&D tax relief our market leading team can also assist with Patent Box benefits, accelerated tax depreciation on capital assets and the identification and securing of UK and EU grants. We understand the global dynamics that affect the funding of your investment and innovation strategy. The Gⁱ³ process ensures that we can efficiently acquire an understanding of your business and identify the grants and incentives opportunities that may apply.

Global reach

Gⁱ³ helps you see all the possibilities by identifying incentive opportunities available to your company worldwide.

Technology at the centre

Leverage technology for operational efficiency and to gain a clear vision of relevant opportunities.

Industry experience

Gⁱ³ practitioners globally know and understand your industry, your business language, and your technology language.

Lifecycle view

Each incentive must be considered in the context of the investment and innovation lifecycle to realise the full financial and commercial benefit.

Leveraging the ecosystem

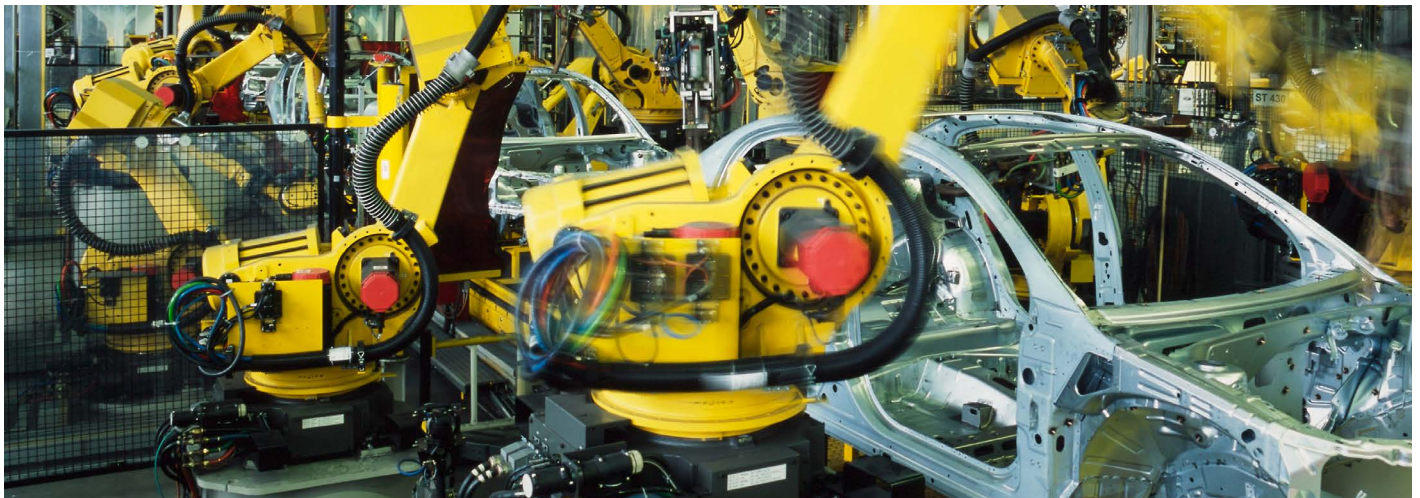
Innovation does not happen in a vacuum. Connecting with the relevant government bodies and research institutes will propel your innovation capability. Deloitte helps you build winning relationships.

Thought leadership

Governments across the globe seek the insights of Deloitte people to help in the development and design of their own incentive policies.

Total perspective

Deloitte's broad range of specialised services are available to help you consider the impact of incentives on your wider tax, financial, and commercial activities so you can further enhance and accelerate your business opportunities.



Technology continues to play a key role in the automotive industry. Technical challenges are constantly being solved as companies and their customers seek the most advanced and reliable technologies at lower cost, and with reduced delivery timescales. As with any consumer product with high safety and environmental performance demands, companies want the best return on their R&D investment over the entire product life. Companies of all sizes can secure significant cash benefits from their innovation activities through the R&D regimes. Making the claim is a compliance matter, but preparing a claim correctly requires a thorough understanding of the company's underlying technological developments.

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We believe that business needs to innovate to grow, and by harnessing our experience and our passion for technology we help our clients receive appropriate reward for their innovation activities.



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