



# Insurtech UK

Our mission is to transform the insurance industry through the use of technology,  
and make the UK the global leader for insurance innovation

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## R&D Tax Relief Advance Clearance

May 2025

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### Introduction

Insurtech UK agrees it is vital that R&D tax relief continues to support economic growth, **supporting companies which are investing in innovative projects** in science and technology and unlocking additional private sector investment with the associated increases in productivity.

Insurtech UK **welcomes the government's consideration of a new approach for the advance clearance of R&D tax relief** - with the aim of providing more certainty to genuine business claimants and improving the customer experience when dealing with HMRC.

### Current situation

Presently frustrations occur where it is perceived that HMRC may not have fully recognised the nature of the innovations businesses are building, or where HMRC apply tax legislation or the 'professional person' test in an inconsistent manner dependent on which case handler is responsible for reviewing a claim. There are also challenges for companies in ensuring an advisor is reputable, and has kept abreast of changes to the rules and their application.

In our experience there are two broad factors behind why the current approvals scheme may be experiencing lower uptake. One is awareness, but the other is a lack of confidence in the existing system.

Businesses need to have confidence that the people supporting and advising them from HMRC have the knowledge, training and authority to accurately assess their future claim, otherwise there is less value to voluntarily engaging in an additional process.

## Looking to the the future

Overall, **greater advance assurance would be a positive development**. There are already precedents for where advance approvals work well, for example EIS.

We believe R&D advance assurance should be **on a voluntary, targeted basis**.

Whilst the whole claim may be submitted, the advance assurance should **focus around any areas of uncertainty** and at a minimum seek to provide high level feedback based on a submission that outlines current knowledge in a certain topic, demonstrates what is publicly available, and the specific areas where the company is active in its research and development.

A focus or **prioritisation of companies within key growth sectors** would be most impactful. We agree that those identified in the refresh of the government's Industry Strategy review could be helpful criteria - as insurtech sits alongside both fintech and insurance we were pleased to see both these listed as priority areas in HM Treasury's Growth and Competitiveness strategy review, and would **anticipate insurtech companies should have access** to any future scheme for advance assurance.

A **de minimus of £10,000** is likely to be appropriate, given below this limit it may be less likely that R&D is being conducted and also taking into account the cost benefit calculation of seeking professional assistance with a claim.

Advance assurance should be **available for the first claim, but also beyond**, where a company feels this may be useful to them as their activities expand or evolve.

**Pre-activity or pre-claim would be the best points** to offer the advance assurance service. The current process of post-claim compliance checks places companies in a position of considerable uncertainty, especially in an environment whereby at this point they are likely to have already received and spent the relief they are due.

Pre-activity is helpful because it would provide certainty before company funds are committed and spent, and provides reassurance at the outset that the company is on the right track. It may not always be possible, however, to set out all the details of likely activity so early in the process. Pre-claim should therefore also be offered as an option, and still avoids the clawback situation or uncertainty about the possibility of clawback that can currently face companies.

In the first instance we believe the advance assurance scheme **should not be a chargeable service**. The majority of applicant companies will already be paying for an advisor to ensure the quality and nature of the application is appropriate, which in turn should provide a smoother, more streamlined response into HMRC. There are also benefits to HMRC of greater use of advance assurances in terms of time saved on compliance checks further in the process.

To justify a fee-paying service for advance assurances that companies would opt-into, it would be necessary to have proven the value of this additional cost through a well-resourced, highly-expert service that provides clarity at pace.

As noted above, the role of credible agents that companies can consult in the advance assurance service is a key part of the process. To address the risk of fraudulent claims **HMRC could consider hosting a register of authorised agents**. Consideration would, however, need to be given to the criteria, the approval mechanism, and the frequency with which the list is updated to ensure this acts as an enabler and not a barrier to accessing R&D tax relief.

## **Next steps**

We **look forward to seeing a new system for advance assurance** emerging from this consultation. We would also welcome the opportunity to **collaborate more closely with HMRC** on this important scheme for the growth of the insurtech sector, for example by hosting an information seminar to present greater guidance and discuss different scenarios where relevant claims have or have not qualified for R&D tax relief in the past.

## **With thanks**

To Insurtech UK's partner PKF for their feedback and input in preparing this response, based on their experience as insurance specialists guiding and supporting the UK's fast-growing insurtech ecosystem in all aspects of their R&D tax relief submissions.

## **For more information about Insurtech UK**

As the dedicated trade association for insurtechs in the UK, our members comprise 150+ insurtechs and 30+ partners ranging from insurance companies to professional services firms supporting the sector.

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