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# R&D Tax Incentive Information Session

Rockhampton – September 2016

Wendy Lawson A/Assistant Regional Manager AusIndustry – Business Services



- 13 28 46
- www.business.gov.au
- 20 Offices across Australia including 15 regional offices
- Offices in Queensland Brisbane, Townsville, Bundaberg and the Gold Coast

### **Our network**



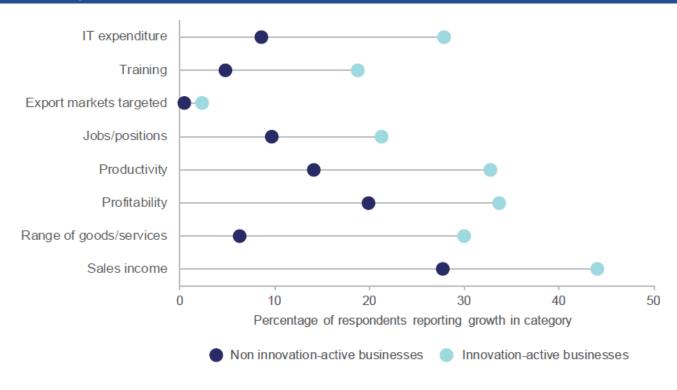


#### Today's information session

- Why should companies do R&D?
- Setting the scene: Case Study
- R&D Tax Incentive programme
  - Overview
  - Entity
  - Activities
  - Expenditure
  - Record keeping
  - Registration
- Entrepreneurial Infrastructure: Accessing AusIndustry programmes



Companies that innovate... Increases in business performances and activities compared to previous year, by innovation status, 2012-13



Source: ABS (2014) Selected characteristics of Australian businesses, 2012-13, cat. no.8167.0



### **Rutimech**

https://www.youtube.com/watch? v=IrrU5WVR4X4

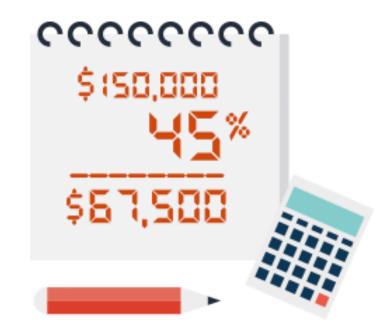


- A broad based entitlement programme
- Jointly administered by AusIndustry and ATO (activities and expenses respectively)
- Operates on a self-assessment basis;
  - companies assess for themselves whether their activities satisfy the definitions of eligible activities
  - companies then register the activities they determine are likely to be eligible



#### Benefits

- Turnover of less than \$20 million
  - 45% refundable tax offset
- For all other eligible entities
  - 40% non-refundable tax offset





#### Before applying

#### Four eligibility tests for registration

- 1. Entity
- 2. Activities
- 3. Expenditure
- 4. Record keeping



#### **R&D** entities include

- Corporation incorporated in Australia
- Foreign corporation;
  - resident in Australia
  - resident of double tax treaty country carrying on business through a permanent establishment in Australia
- Public trading trust with a corporate trustee



#### **Excluded R&D entities**

- Corporate limited partnerships
- Entities for which their entire income is exempt from income tax
- Sole traders and trusts

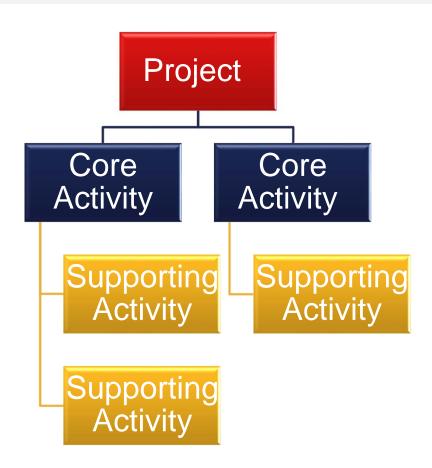
Please contact the ATO for more information;

13 28 66 www.ato.gov.au



# R&D projects and eligible project activities

- The definition of R&D under the R&D Tax Incentive is described in terms of 'activities'
- ie. eligibility is determined on an activity basis rather than on a project basis





### **Excluded and ineligible activities:**

- Market research, management studies or efficiency surveys
- Research into social sciences, arts or humanities
- Activities related to the reproduction of a commercial product or process
- Standard product development
- Business-as-usual activities
- Whole of project claims



### **Findings**

- A self-assessment programme companies assess for themselves whether their activities satisfy the definitions
- Companies register activities they determine are likely to be eligible
- In certain circumstances companies apply to Innovation Australia to get a finding, a determination, on the eligibility of their activities





#### Eligible expenditure

- Minimum expenditure of \$20,000
- R&D related expenditure salaries, contract expenditure, administration, overheads etc

#### Ineligible expenditure

- Interest expenditure, building expenditure (acquisition or construction) etc
- Please refer to the ATO website for more information www.ato.gov





#### **Record-keeping**

- Good record keeping practices;
  - internal processes/systems
  - record as it happens
  - document your methods
  - link expenditure and activities, ie connect administration and technical functions
- Record-keeping: examples
  - Project planning documents
  - Contracts
  - Records of experiments and associated observations
  - Progress reports
  - Design documents





#### The registration form

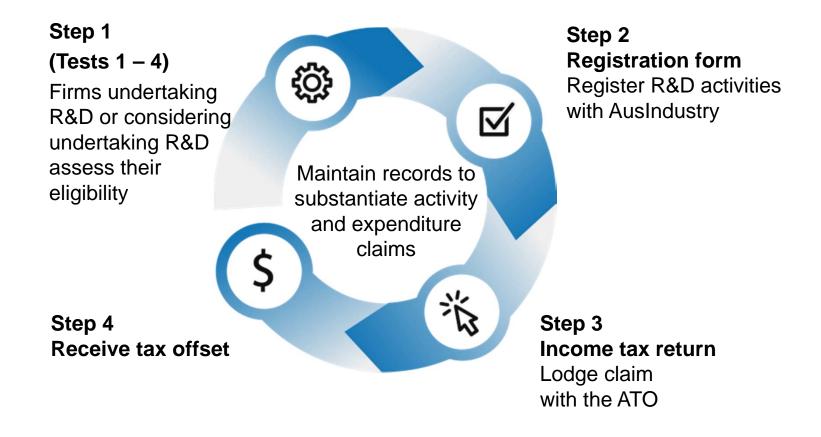
- Online smart form
- Access via www.business.gov.au
- Must use the approved form
- Attachments can be submitted



#### **APPLICATION NOTES**

About this document







#### AusIndustry's approach to program integrity

- Guidance and education offerings
  - Online content and information sessions
- Awareness raising
  - Print and online media, R&D Tax Incentive Information bulletin (business.gov.au website)
- Findings Advance or Overseas
- Risk review activities



#### **Further information**

#### Questions on; Registration; Eligibility of R&D activities





- 13 28 46
- qldrdtax@industry.gov.au
- www.business.gov.au

#### Questions on; Eligible entities & amounts you can claim



- 13 28 66
- www.ato.gov.au

# INNOVATION JOURNEY



Innovation-to-income solutions for growth oriented organisations and entrepreneurs.

### KNOWLEDGE TRANSFER PARTNERSHIPS (KTP)

Businesses and universities apply together for up to \$50,000 towards the costs of hiring a graduate for an innovative project.

#### IGNITE IDEAS FUND

Supports the development of new or improved products, processes or services to secure investment, launch into global markets and grow business.

#### MENTORING FOR GROWTH (M4G)

A program to help businesses grow via access to a panel of 6 -8 volunteer business mentors. matching business needs with industry experience.

#### DEVELOPMENT FUND (BDF)

Provides investment between \$125,000 and \$2.5 million to eligible Queensland businesses.





**VALIDATE** 



**DEMONSTRATE** 



### R&D TAX INCENTIVE

Targeted, generous and easy to access entitlement program that helps businesses offset some of the costs of doing R&D. The program aims to help more businesses do R&D and innovate.

#### **ENTREPRENEURS PROGRAMME** ACCELERATING COMMERCIALISATION

**Encourages and assists small** and medium businesses, entrepreneurs and researchers to commercialise novel products, processes and services.

### ENTREPRENEURS' PROGRAMME INNOVATION CONNECTIONS

First service delivered by a national network of Innovation Facilitators to encourage and assist small and medium businesses to access knowledge, engage with researchers

#### **ENTREPRENEURS'** PROGRAMME BUSINESS MANAGEMENT

Offers a range of services to industry to build opportunities by encouraging and assisting small and medium businesses to connect to knowledge, resources and networks within key growth industries.

### EXPORT MARKET DEVELOPMENT GRANTS

Offers financial assistance to aspiring and current exporters. It supports a wide range of industry sectors and products, including inbound tourism and the export of intellectual property and knowhow outside Australia.



Phone 13 28 46

nce programmes are often designed to be accessed throughout different stages of the business lifecycle

Phone 13 QGOV (13 74 68) www.business.qld.gov.au



#### Q&A

Questions please

Department of Industry, Innovation and Science | Business

AusIndustry Business Services
Level 12, 100 Creek Street
Brisbane QLD 4000
Telephone +61 7 3227 4700
Email qldrdtax@industry.gov.au