



Australian Government
**Department of Industry,
Innovation and Science**

Business

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Delivered by AusIndustry™

R&D Tax Incentive Information Session

Rockhampton – September 2016

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- 20 Offices across Australia including 15 regional offices
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Our network





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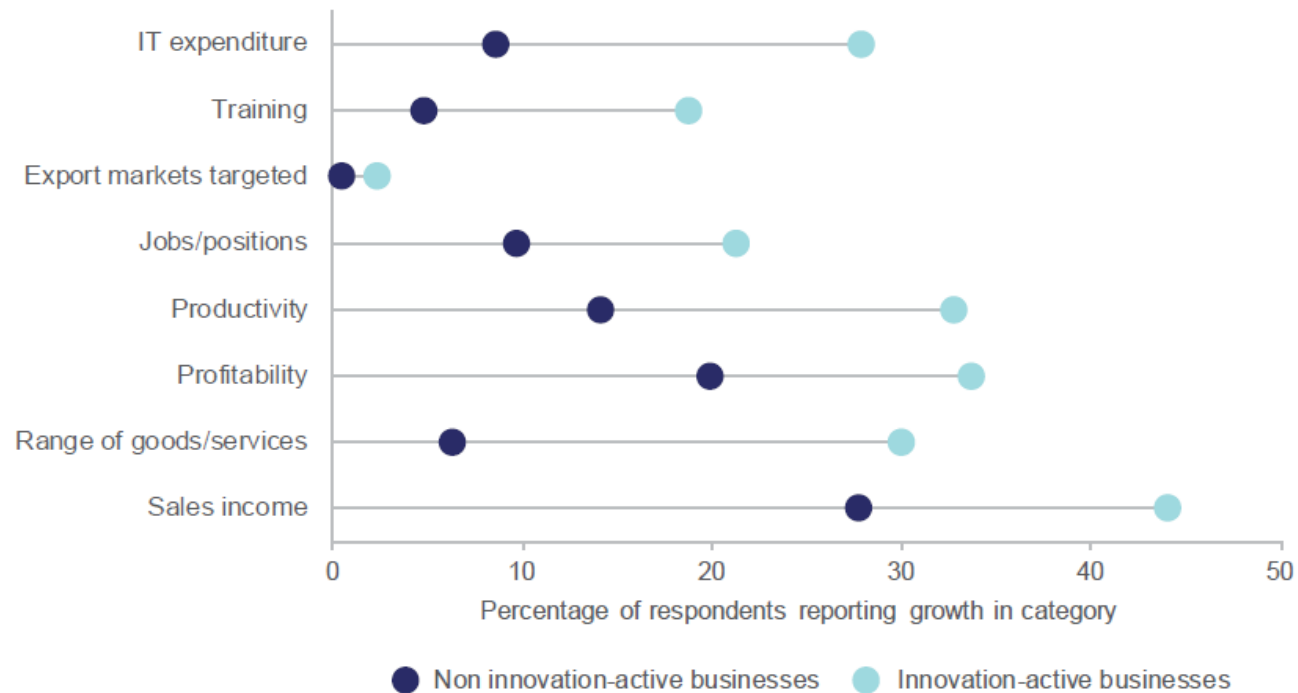
Today's information session

- 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



Business

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



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Rutimech

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



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- 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





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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



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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;

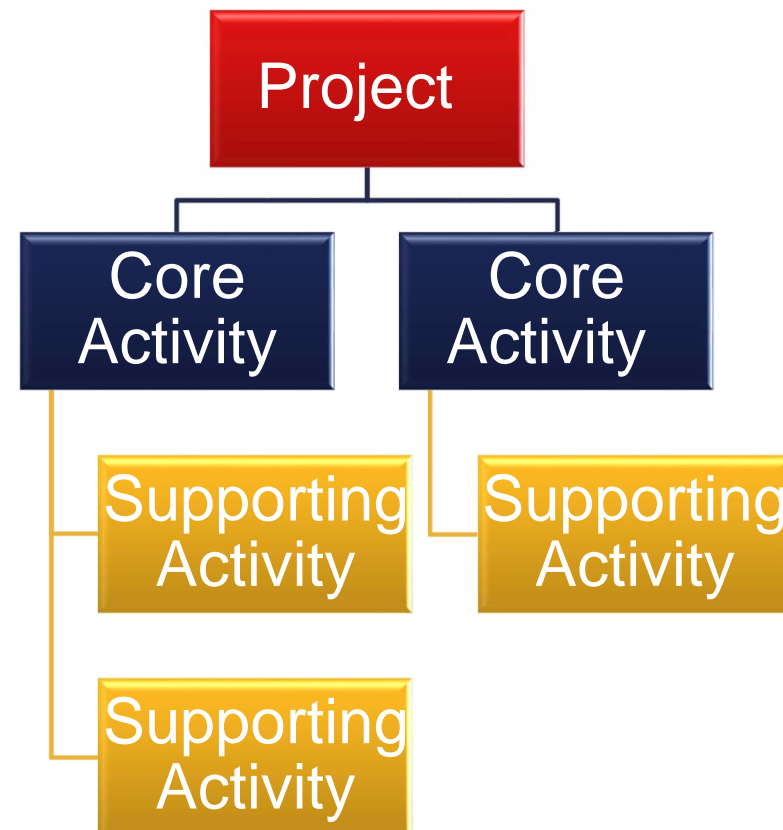
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www.ato.gov.au



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





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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

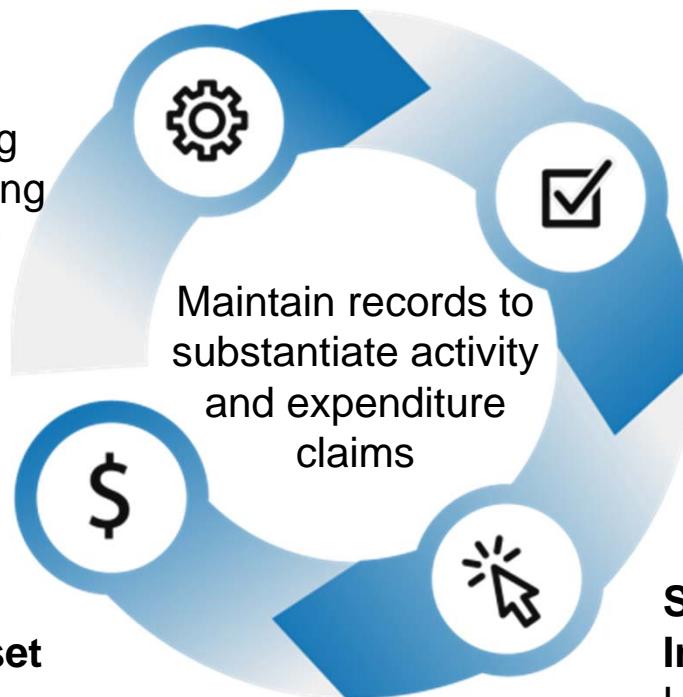


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Step 1

(Tests 1 – 4)

Firms undertaking R&D or considering undertaking R&D assess their eligibility



Step 2

Registration form

Register R&D activities with AusIndustry

Step 3

Income tax return

Lodge claim with the ATO

Step 4

Receive tax offset



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



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

Questions on;
Eligible entities & amounts you can claim



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Australian Taxation Office

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- www.ato.gov.au

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Q&A

Questions please

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