



R&D Tax Concession

Fact sheet

What does it offer?

The *R&D Tax Concession* is the principal Commonwealth Government initiative to increase the amount of research and development (R&D) undertaken in Australia. The aim is to encourage innovative, competitive and export-oriented Australian industries.

The concession is available to all Australian companies and offers the following:

- a tax deduction of up to 125% of expenditure incurred on R&D activities
- an R&D Incremental (175% Premium) Tax Concession for those companies increasing their R&D expenditure and who have a three-year history of registering and claiming the 125% Tax Concession.

The R&D Tax Offset is available for companies whose expenditure exceeds \$20,000 per income year and

- has a grouped expenditure of up to \$1 million for an income year between 2001-02 and 2008-09;
- has a grouped expenditure on R&D undertaken in 2009-10 that is up to \$2 million.
- annual group turnover is less than \$5 million.

Who is the program aimed at?

Companies incorporated in Australia and undertaking R&D are entitled to the concession.

How and when do I apply?

Annual registration of R&D activities with Innovation Australia is a prerequisite for companies claiming the tax concession. Applications must be lodged annually within 10 months of the end of the company's income year.

Applications are available from the AusIndustry website and can be submitted as either:

- a downloadable, editable and electronically submittable PDF application form;
- an online application form (not downloadable)

After registering with Innovation Australia, companies can claim the concession by completing the Australian Taxation Office R&D Tax Concession Schedule and the relevant labels in their tax return.

How do I know if I am eligible?

If you can answer yes to the following questions, you are likely to be eligible for the concession:

- Are you a company incorporated in Australia and not acting as a trustee for a trust (other than for a public trading trust)?
- Have you prepared and maintained an R&D plan in accordance with Innovation Australia's guidelines?
- Have you maintained contemporaneous records that

Further information

For information relating to registration or the eligibility of activities, please call **AusIndustry** on **13 28 46**. Alternatively, email RDTAXCON@innovation.gov.au or visit the website at www.ausindustry.gov.au. For further information on expenditure issues, please contact the **Australian Taxation Office** on **13 28 66**. Alternatively, email innovationtax@ato.gov.au or visit the website at <http://www.ato.gov.au/businesses/pathway.asp?pc=001/003/113>.

substantiate the carrying on of these activities?

- Do the R&D activities you have undertaken involve the following:
 - a technical problem that cannot be resolved on the basis of publicly available information
 - an original idea to solve the technical problem
 - systematic experimentation (for example, testing or trials) to resolve the technical uncertainty?
- Will your company or company group bear both the technical and financial risk associated with its R&D?
- Does your company or company group have control over its R&D project and effectively own the R&D results?
- Will the R&D activities be to the benefit of the Australian economy and the results exploited on normal commercial terms?
- For Offset and Premium claims, does your company comply with the necessary grouping provisions?
- If the systematic, investigative and experimental activities of the project are for the development of computer software, is the resultant software intended for 'multiple sale'?
- Does your company have appropriate written documentation for the undertaking of the R&D activities?
- Has your company incurred annual eligible expenditure on R&D activities of \$20,000 or more? If not, has the company contracted the R&D activities to a registered research agency?

and generally within 10 days if the application is lodged online. The company is then sent a letter which includes the registration number for quoting on the ATO R&D Tax Concession Schedule.

The AusIndustry registration team reviews all applications for completeness and to ensure that the application is eligible. A decision on registration is generally made within 30 days of receipt of the application