

What you need to know about the R&D Tax Incentive

Our difference lies in our people. Our R&D Tax Consulting team has years of experience and substantial technical knowledge in a range of industry sectors. We assist our clients to navigate through the complex legislation and provide a complete, integrated and cost effective service to underpin your business.

What is the R&D Tax Incentive?

The Research and Development Tax Incentive is a generous tax offset for companies undertaking R&D activities to develop new or improved products, processes, devices or services and is claimed in your tax return.

The R&D Tax Incentive is available for a minimum expenditure of \$20,000 in a financial year and can include costs such as salary and wages, contractors and direct materials.

The deadline for registering your claim

Companies wanting to claim the R&D Tax Incentive must be registered with AusIndustry within 10 months of the financial year in which the activities took place. For companies with a 30 June year end, the deadline for lodging your R&D application is 30 April the following year.

The benefit of the R&D Tax Incentive

The R&D tax incentive reduces the tax companies pay. The benefit of the tax incentive is in three tiers and depends on the size of your company.

- For entities with an aggregated turnover of less than \$20 million per annum, an offset 18.5% above the company tax rate applies. (For example: A company with \$100,000 of R&D expenditure, which is still in losses at the end of the financial year, could get a cheque from the ATO for \$43,500 (25% + 18.5%).)
- For entities with a turnover greater than \$20 million per annum, an offset of 8.5% above the company tax rate, or 16.5% if R&D expenditure is more than 2% of total expenditure, applies. (For example: A company with \$100,000 of R&D expenditure which is in profit at the end of the

financial year, could get a tax offset of \$33,500 (25% + 8.5%) against its tax bill).

- Where a company incurs R&D expenditure in excess of \$150 million in any one year, the offset for expenditure over the cap of \$150 million is restricted to 30% for that expenditure only.

Generally, eligible R&D activities are those undertaken for the purpose of developing new or improved products or processes. R&D activities are experimental in nature and whose outcome cannot be determined in advance.

If you're developing something new or improved, or solving a technical problem by following an experimental process, your company may be eligible to claim.

The flowchart (overleaf) is a quick guide to help you assess whether your activities may be eligible.

Why use us?

- Highly competitive fees.
- More than 18 years of top tier experience, with a collaborative approach.
- Well supported, compliance focused claims.

Contact us

Kate Mahady

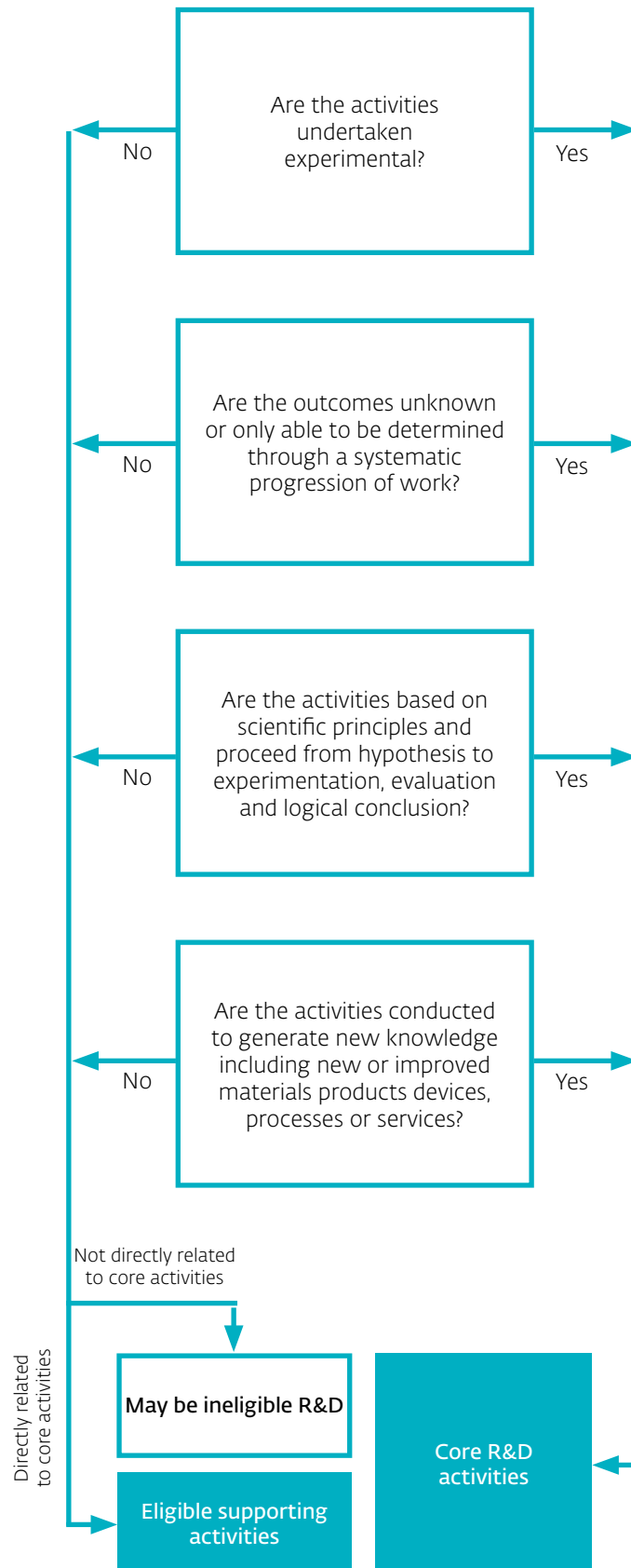
Partner, R&D Tax

kmahady@fbrice.com.au

+61 3 8618 4158



Is your R&D eligible for the Tax Incentive?



Scan to contact us

Disclaimer: This document is general in nature, and must not be relied on in lieu of advice from a qualified professional in respect of your particular circumstances.