

## R&D Tax Incentive

The R&D Tax Incentive provides a tax offset of up to 43.5% for developing new products and services.

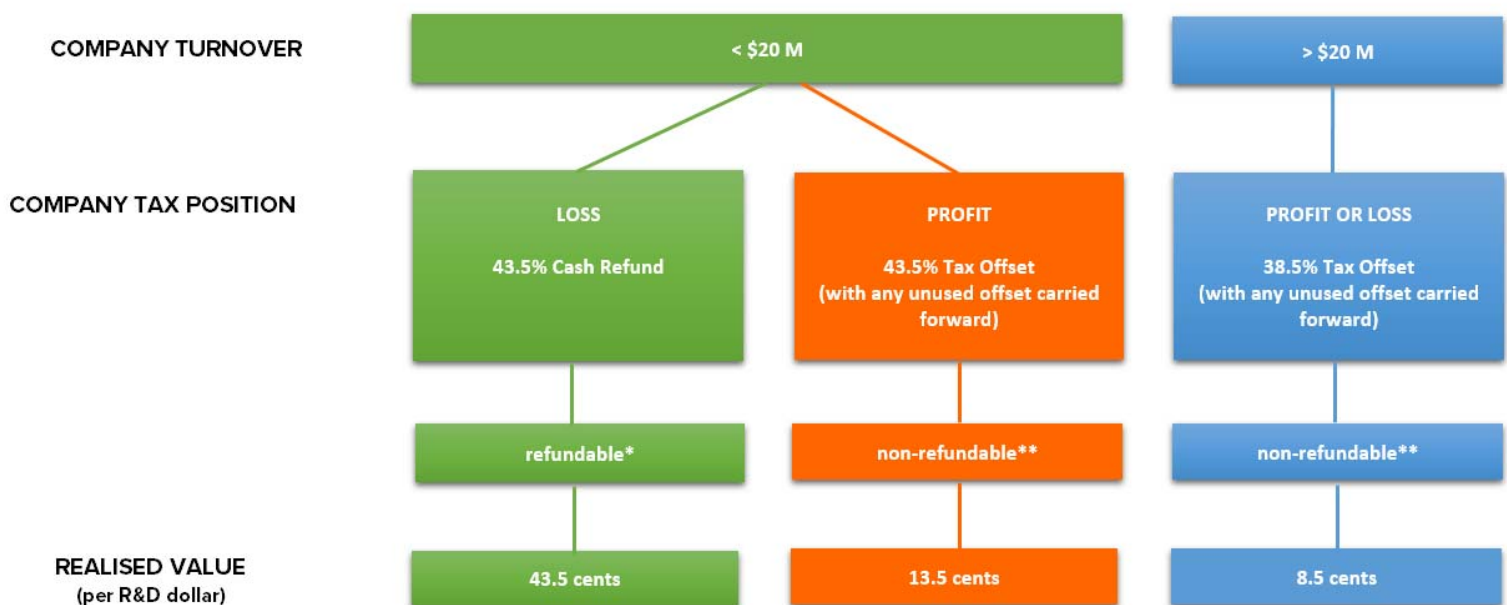
### Is your business innovative and looking to improve?

If your business is conducting research and development then the Australian Governments Research & Development (R&D) Tax Incentive may help offset some of the costs.

The R&D Tax Incentive provides eligible entities with tax offset for expenditure on eligible R&D activities and for the decline in value of depreciating assets used for R&D activities.

Providing generous benefits for eligible R&D activities, the two components of the program are:

- A 43.5 percent refundable tax offset for eligible companies with an aggregated turnover of less than \$20 million per annum; or
- A non-refundable 38.5 percent tax offset for all other eligible companies.



\*Refundable tax offset: once a company's tax liability is reduced to zero, companies may access a cash refund for any unused offset amount

\*\*Non-refundable tax offset: companies cannot access a cash refund for any unused offset amount once their liability has been reduced to zero. However, these excess offsets may be carried forward into future income years.

## **Why R&D?**

- Innovative businesses can be more profitable, productive and competitive.
- R&D can help you;
  - Develop new products and services,
  - Improve business procedures, and
  - Solve problems while improving efficiency

## **Who can apply?**

The R&D Tax Incentive is available to:

- A company incorporated under Australian law,
- A company incorporated under a foreign law that is an Australian resident for tax purposes, or
- A company incorporated under a foreign law that is a resident of a foreign country with a double tax agreement within Australian and who carries on a business through a permanent establishment of the body corporate in Australia.

Applications for registration of R&D activities must be lodged within 10 months after the end of the company's income year in which the activities were conducted.

## **What activities are eligible?**

To claim the R&D incentive, the company must include:

- At least one core activity
- Can have multiple supporting activities for each core activity
- Must meet the legal definition of core and supporting activities
- Must be based on the principles of established science
- Must be seeking to answer a technical or scientific unknown.

Use the flowchart attached to assess whether you have a core activity

## **How can I find out more?**

Fogarty Partners have been assisting clients to claim the R&D tax incentive since 2000.

Please contact us for more information:

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**Do you have a core activity?**

