

Export Market Development Grants In Brief

WHAT IS EMDG

The Export Market Development Grants (EMDG) scheme is a key Australian Government financial assistance program for aspiring and current exporters. It is administered by Austrade. EMDG:

- **encourages** small and medium sized Australian businesses to develop export markets
- **reimburses** up to 50 per cent of eligible export promotion expenses above \$5,000 provided that the total expenses are at least \$15,000
 - › You spend the money first and then you claim a grant from Austrade in the next financial year
- **provides** up to eight grants to each eligible applicant¹. You should note that these grants do not need to be in consecutive years.

This document provides further information on the scheme. It is provided as a guide and is correct at June 2020.

¹ An applicant may be entitled to fewer than eight grants if they purchased an asset or business from a previous applicant.

CAN YOU APPLY?

If you are an Australian individual, partnership, company, association, co-operative, statutory corporation or trust carrying on business in Australia you may apply for EMDG provided you:

- had an annual income of not more than \$50 million;
- spent at least \$15,000 on eligible export promotion activities in the previous financial year. First time applicants may combine expenses incurred in the previous 2 financial years to meet this threshold;
- are the principal – you must own the product you are promoting or contractually responsible for the delivery of services. Exceptions apply for Australian Manufacturers, Approved Bodies, Inbound Tour Operators and Event Promoters or they meet the requirements in s37 (1A) of the EMDG act.); and
- promoted your product for export, and your product is:
 - › a good made in Australia;
 - › a good made outside Australia where Australia will derive a significant net benefit from its sale overseas;
 - › a service, except those specified as ineligible in the [EMDG Regulations](#);
 - › a tourism service;
 - › an event held in Australia;
 - › an intellectual property right that mainly resulted from work done in Australia;
 - › a trade mark first used in Australia, or which has significantly increased in value from its use in Australia; or
 - › know-how that mainly resulted from work done in Australia.

GOODS NOT MADE IN AUSTRALIA

If you are promoting goods that are not made in Australia you must provide detailed information to Austrade to show that Australia will derive a significant net benefit from the sale of these goods outside Australia.

See the EMDG Guide to Exports on the [Austrade website](#) to assist you with preparing this submission.

STILL NOT SURE IF YOU ARE ELIGIBLE?

Contact Austrade on 13 28 78 and ask to speak to an EMDG adviser, or email emdg.help@austrade.gov.au for advice before you lodge your application.

HOW DOES EMDG WORK?

- Your grant will be calculated as 50 per cent of total eligible expenses (less \$5,000). The maximum grant for eligible applicants is \$150,000, subject to funds available in the scheme.
- If you have already received two grants and are not an Approved Body, you will need to satisfy the requirements of an EMDG performance measure in order to be able to receive third and subsequent grants.
 - › You can elect to meet either the *Export Performance Test* or the *Australian Net Benefit Requirements*.
 - Under the *Export Performance Test*, your grant will be limited to a specified percentage of your export income.
 - Under the *Australian Net Benefit Requirements*, you must provide information and documents (including audited financial documents) at the time of application lodgement to show Austrade that you should continue to receive EMDG support.
- Members of related company groups may apply individually. The maximum payable to a group of related companies in total is \$250,000 per year.
- After receiving your application, Austrade will assess it and determine your provisional grant entitlement. Your grant will then be paid under a split-payment system which ensures that spending under the EMDG scheme is kept within budget and that all eligible applicants receive a grant.
 - › If your assessed grant is equal to or less than the initial payment ceiling amount, you will be paid immediately once the assessment is completed.
 - › If your assessed grant is above this ceiling you will be paid an initial payment equal to the ceiling amount on assessment and a second-tranche payment at the end of June 2021.
 - › The initial payment ceiling amount under the split-payment system is determined by July each year and is posted on the [Austrade website](#) at that time. The initial payment ceiling for the 2019–20 grant year will be determined in late June 2020.
 - › The amount of the second-tranche payment will depend on the amount of EMDG funds remaining in the EMDG budget once all applicants' initial payments have been made.
- **You should not plan or make financial commitments which assume you will receive any particular level of second tranche payment for which you provisionally qualify. Austrade accepts no liability for any loss arising from the actions of an applicant who assumes any particular level of payment under the EMDG scheme.**

WHAT CAN YOU CLAIM?

You may claim for expenditure on specific export promotion activities undertaken during 2019–20. If this is your first grant application, you may claim expenses incurred during 2018–19 and 2019–20.

EMDG supports eight categories of promotional activities. You can claim:

Overseas representatives

- all reasonable costs that you pay to have an overseas representative act on your behalf on a long-term basis to market/promote your product
- the portion of the fee or expense paid to your overseas representative that relates to promotion of your Australian products. You cannot claim the costs of commission, or non-promotional activities your representative carries out for you, such as supplying after-sales service, post-contractual training, sourcing of products, arranging clearance, warehousing or collection of goods, importing or promoting ineligible products
- **a maximum of \$200,000 per application is claimable under this category.** However, you should include all eligible expenses that you wish to claim in your application to ensure your grant is maximised.

Note: Austrade conducts detailed checks on overseas representative claims and may contact your representative by phone or in person as part of these checks. If you are claiming expenses for overseas representatives, you may be asked to provide additional supporting documentation with your application form.

Marketing consultants

- the cost of engaging an arms-length consultant to undertake export market research or marketing activities
- **a maximum of \$50,000 per application is claimable under this category.** However, you should include all eligible expenses that you wish to claim in your application to ensure your grant is maximised.

If you are claiming expenses under the overseas representatives and marketing consultant's categories, you must have documentary evidence that shows the role and function of the representative or consultant.

Marketing visits

- the cost of air travel during the marketing visit, including departure taxes (only 65 per cent of first-class airfares may be claimed).
- an allowance of \$350 per day while you are overseas to help defray accommodation, entertainment, living expenses and ground transport costs (capped at 21 days).

If you are claiming expenses under the marketing visits category you must have trip reports, boarding passes, diary notes and/or other evidence which substantiate the details of the trip.

Free samples

- the cost of providing free samples of the product you are promoting for export
- **a maximum of \$15,000 per application is claimable under this category.**
- all eligible expenses should be included in your claim in your application to ensure your grant is maximised.

Note: Free samples of intellectual property or know-how are not eligible. Contact Austrade for more details.

Trade fairs, seminars, in-store promotions

- external costs directly related to participating in an international trade fair, seminar, in-store promotion, international forum, private exhibition, or similar activity.

Promotional literature and advertising

- external costs of promotional material, such as brochures, videos, advertising and website development.

Overseas buyers

- the cost of bringing potential buyers who are non-residents to Australia for an eligible export promotion purpose
- **a total of \$7,500 per buyer per visit, totalling \$45,000 per application.**

IP registration

- the cost of granting, registering or extending rights under foreign laws in relation to eligible intellectual property **(up to a maximum of \$50,000 per application)**

IP insurance

- the cost of obtaining insurance to protect these rights.

To be able to claim for any of the above activities:

- you must have spent the funds to seek out, create, or increase demand for your product in an export market;
- you must be the intended principal in export transactions, i.e. not an agent (exemptions apply for manufacturers or Approved Body applicants, events promoters, suppliers to inbound tour operators or in situations where a company closely related to the applicant owns the product intended for export);
- the expense must have been paid by you during 2019–20 (it must be taken up as an expense in your books of account, not just in consolidated accounts or in the accounts of a related entity). If this is your first grant application, these expenses may have been incurred during 2018–19 and 2019–20;
- the item paid for must have been provided to you; and
- you must have evidence of the expense and what it was incurred for (such as invoices or bank statements).

INELIGIBLE EXPENSES

As EMDG is designed to assist export marketing, it does not support expenses incurred for product development, production, distribution or certification.

Also, you cannot claim expenses that:

- were incurred by a related business entity
- relate to business with the Democratic People's Republic of Korea (North Korea) and New Zealand
- are not promotional (such as product development/refinement, sourcing and financing)
- were incurred by you when you were not a resident of Australia
- relate to after-sales activities
- have or will be subject to reimbursement by a third party (other than EMDG)
- relate to an illegal or unlawful activity
- are commissions or discounts
- are in payment of an Australian tax, levy or charge (except Australian departure tax)
- relate to any form of pornographic material with a classification equivalent to the X-rating for films.

Note: The eligibility of cash payments is limited to \$10,000 per application.

HOW DO YOU APPLY?

The online application will be available on the Austrade website.

To lodge your application

You or an authorised representative must have a current [MyGovID](#) to use the online application form. For more information on MyGovID and using the Relationship Authorisation Manager to set up an authorised representative please visit:

- <https://www.mygovid.gov.au/>
- <https://www.ato.gov.au/General/Online-services/Access-Manager/>

You must ensure that your completed online application is submitted between 1 July 2020 and midnight AEDT on 30 November 2020, or use an approved EMDG Consultant who can lodge a claim on your behalf until midnight AEDT on 2 March 2021.

Austrade cannot, by law, accept late applications.

An application involves the completion and submission of:

- An online EMDG application including schedules of expenses
- For first-time applicants, information to satisfy grants entry requirements. You will need to provide your financial statements for 2018–19 and 2019-20 (if you are claiming 2 years expenses).
- For applicants promoting goods that are not made in Australia, you must also provide a detailed submission showing that Australia will derive a significant net benefit from the sale of the goods outside Australia
- For applicants that have already received two or more grants and have chosen to take the Australian Net Benefit Requirements test, you must also provide information and documents (including audited financial documents) to show Austrade that you should continue to receive EMDG support. (See the EMDG [Export Performance Measure](#) fact sheet).

Note: If you do not provide these documents by 30 November 2020 (or if you use an approved EMDG Consultant who lodges a claim on your behalf, by 2 March 2021) Austrade will be unable to consider your application.

- You will also be asked to upload certain documents (this depends on questions you have answered) prior to submitting your application.

WHERE CAN YOU GET MORE HELP?

Austrade has produced a series of coaching videos to help you understand the EMDG scheme. It is strongly recommended that view these coaching videos to clarify your eligibility, what you can claim and what supporting documentation is required to substantiate your claimed expenses. The videos are available on the [Austrade website](#).

Austrade provides free workshops around Australia to help you prepare your EMDG application and get the best out of the scheme. It also delivers workshops via webinar. Visit the [Austrade website](#) for details of sessions in your state.

Alternatively, you may wish to use an independent grant consultant to assist you with preparing your EMDG application.

[Join our mailing list](#) if you would like to receive regular updates and information on the EMDG scheme.

SPECIAL APPROVAL APPLICANTS

Industry associations and joint ventures are able to seek 'special approval' status from Austrade to enable them to apply for a grant. Special approval status is effective for five years from the approval date. If you would like further information about how to apply for these special status categories please contact Austrade.

WHAT ELSE IS IMPORTANT?

- Austrade will assess your grant application to determine your grant entitlement. This may involve a visit to your business premises or a phone call by an Austrade Grants Auditor
- You will not be paid a grant if, at the time of being otherwise entitled to receive one, you do not have an ABN, you are under insolvency administration or you are subject to offences relating to fraud or dishonesty under the Corporations Act 2001 or the Criminal Code. Please contact Austrade to clarify your position if you think these disqualifications apply
- The *Export Market Development Grants Act 1997* provides that a grant is not payable if, in accordance with Ministerial Guidelines, Austrade forms the opinion that the applicant or an associate of the applicant is not fit and proper to receive a grant
- Branch offices of companies not incorporated in Australia are not eligible to apply for an EMDG grant
- Grants paid are regarded as assessable income for taxation purposes. The Goods & Services Tax (GST) does not apply to grants under the EMDG scheme
- The rules of the scheme are provided for under the [Export Market Development Grants Act 1997](#).

Austrade has an active fraud prevention program. You must be able to substantiate each expense and activity that you claim. It is a criminal offence to attempt to obtain, or to obtain, a grant or increased amount of grant through deceit, false or misleading representation or other unlawful means.

To report a suspected fraud on the EMDG scheme call the EMDG Fraud Hotline on FreeCall 1800 006 352 or email emdg.fraudhotline@austrade.gov.au

WHAT AUSTRADE CAN DO FOR YOU

The Australian Trade and Investment Commission (Austrade) is the Australian Government's trade and investment development agency.

Through a network of offices in over 50 countries, Austrade assists Australian companies to succeed in international business, attracts productive foreign direct investment into Australia and promotes Australia's education sector internationally.

We provide information and advice to help Australian companies reduce the time, cost and risk of exporting. For Australian exporters ready to expand their business in growth and emerging markets, we offer a range of tailored trade services including:

- Information and advice on doing business in international markets
- Help with international market selection
- Identification of relevant international contacts
- Assistance with market entry and expansion
- Identification and follow-up of specific international business opportunities.

Austrade also provides online information on [export financing](#) and other government financial assistance programs.

CONTACT US

For more information call 13 28 78 and speak to one of our advisers, [visit us online](#), or [e-mail](#) us.

EMDG publications including the EMDG application form can be accessed on [our website](#).

Austrade's website features an [eligibility checklist](#) designed to help you understand whether you should consider applying for an Export Market Development Grant.

Please remember:

You must ensure that your completed online application is submitted between 1 July 2020 and midnight AEDT on 30 November 2019, or use an approved EMDG Consultant who can lodge a claim on your behalf until midnight AEDT on 2 March 2021.

Austrade cannot, by law, accept late applications.