

R&D Tax Incentive Checklist/Documentation Requirements

The R&D Tax Incentive programme provides tax offsets for expenditure on eligible R&D activities. The programme is open to eligible companies of all sizes in all industry sectors. The programme is jointly administered by AusIndustry and the ATO.

The programme has two core components based on company turnover. Companies with eligible R&D expenditure may be eligible for either a refundable or non-refundable tax offset.

For the 2017/18 income year, the following rates apply:

- a 43.5% refundable tax offset is available for eligible companies with an aggregated annual turnover of less than \$20 million per year, provided they are not controlled by income tax exempt entities; and
- a 38.5% non-refundable tax offset is available for all other eligible companies. Unused offset amounts may be carried forward to future income years.

The checklist below outlines the most common issues to look out for when trying to determine whether you may be entitled to make a claim under the R&D Tax Incentive programme.

Are you eligible to claim?

- Are you a company incorporated in Australia?

Are you conducting eligible R&D activities?

- Were you developing a **new or improved** product, system, device, process or service?
- Were the activities **experimental** where the outcome was unknown at the outset?
- Did you follow an experimental **progression** of work?
- Was there **technical uncertainty or risk** in the activities?
- Were you creating **new knowledge**?
- Did you encounter problems which required innovative problem solving approaches?

If you answered 'yes' to all of the above questions, there is a strong likelihood that you will be entitled to make a claim under the R&D Tax Incentive programme. In order to make a claim, you must ensure that you have kept adequate records of your R&D activities. Listed below are some of the most common documents that companies generally create/maintain in relation to their R&D activities. This is not an exhaustive list and is to be used for illustrative purposes only.

How have you documented your R&D activities?

- Did you document what was **unknown** at the start of your activities?
- Did you set up a documentation or record keeping regime, including your technical hypothesis or objective when your activities commenced?

Documents may include:

- Business case analysis;
- R&D project plan/scope;
- Product development meeting notes;
- Emails with contractors/consultants;
- Concept drawings; and
- Internal emails.

- Did you document your experimental processes, test results, analysis, and/or outcomes?

Documents may include:

- Experimental data;
- Trial plans;
- Measurements;
- Engineering drawings and revised drawings;
- Emails describing the experiment or results;
- Observations, photos, videos;
- Discussions or meetings notes;
- Test reports; and
- Consultant/contractor reports.

- Did you document your outcomes against your initial experimental aims?

If you feel like your company may be entitled to make a claim under the R&D Tax Incentive programme, please contact us Lee Carter on 0401 048 649 or lee.carter@greenwichco.com for an obligation free discussion. We work with companies to develop strategies to maximise R&D Tax Incentive claims and can assist you with each step of the compliance process.