


R&D TAX ADVICE



The R&D Tax Incentive

What is the R&D Tax Incentive?

The Research and Development Tax Incentive offers a tax offset for Australian companies conducting eligible R&D activities. It encourages investment in R&D to help your company to grow and innovate.

Benefits of the R&D Tax Incentive

Group turnover less than AUD\$20 million

- Refundable tax offset of **up to 48.5% of R&D spend**.
- If a company has no tax liabilities and sufficient tax losses, this is receivable as a **cash refund**.

Example: \$100k R&D Spend with \$100k Tax Loss

A company has a tax loss equal to or more than its R&D spend and has a corporate tax rate of 25%.

The R&D tax offset rate is the company tax rate plus 18.5%.

- R&D Tax Offset Rate Calculation: $25\% + 18.5\% = 43.5\%$
- R&D Tax Offset Calculation: $\$100,000 \times 43.5\% = \mathbf{\$43,500}$

With no tax liability, **the company receives a tax refund of \$43,500**

Group turnover more than AUD\$20 million

Businesses with group turnover of more than \$20 million receive a non-refundable R&D tax offset.

The tax offset amount is based on your R&D Intensity. This is the percentage of total operating costs that you spend on R&D in a year:

- All eligible R&D expenditure up to 2% R&D Intensity will receive a non-refundable R&D tax offset equal to your tax rate plus an 8.5% premium.
- Additional eligible R&D expenditure above 2% R&D Intensity will receive a non-refundable R&D tax offset of your corporate tax rate plus a 16.5% premium.

Intellect Labs

Connect with us to see how we can help you maximise R&D Tax incentives.

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Amounts you can claim

The RDTI is non-competitive and self-assessed, so it can be claimed annually in your tax return as long as you properly identify, document, and register what activities and costs are eligible.

Amounts you can claim can include:

- ✓ Salaries and wages for time spent on R&D activities
- ✓ Contractor costs related to the R&D activities (such expenditure with a CRO or Research Services Provider)
- ✓ Decline in value of assets used for conducting R&D activities
- ✓ Other business expenditure attributable to R&D activities
- ✓ Monetary contributions under the CRC program.

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Maximising Benefits While Ensuring Compliance

At Intellect Labs, we simplify the R&D Tax Incentive claim process, ensuring compliance while maximising your benefit. Whether you need full support or a lighter-touch approach, we provide expert guidance tailored to your business needs.

The R&D Tax Incentive Process and Key Dates

The R&D Tax Incentive is jointly administered by AusIndustry (on behalf of the Department of Industry, Science and Resources) and the ATO. AusIndustry assesses the eligibility of R&D activities, while the ATO administers the financial aspects of the incentive, including claim amounts and compliance.

- 1. Ongoing Documentation Support (Year-Round)** – We check in regularly to help you collect and maintain the necessary documentation to support your claim.
- 2. R&D Project Meetings (April–June)** – We meet with your team before the end of the financial year to assess eligibility, verify R&D activities, and confirm available records.
- 3. Drafting the R&D Project Descriptions for submission** – Following the review, we prepare R&D project descriptions that advocate your projects' eligibility and align with AusIndustry eligibility criteria, forming the foundation of your submission.
- 4. Review and Submission (By 30 April for June year-end entities)** – Your team reviews the drafts before we finalise and lodge your AusIndustry application. Claims must be submitted within 10 months after the end of the financial year (e.g. by 30 April for companies with a 30 June financial year-end).
- 5. Cost Calculation and R&D Tax Incentive Schedule** – We work with your accountants to calculate eligible R&D costs and prepare a Tax Incentive Schedule for inclusion in your income tax return.
- 6. Lodgement and Realisation of Benefit** – Once AusIndustry issues a registration number (typically within four weeks), you include it in your tax return and your accountants lodge with the ATO. The tax benefit is realised when the return is processed.

Compliance, Audit Readiness & Transparency

While the R&D Tax Incentive is a self-assessment program, both the ATO and the AusIndustry conduct regular audits and compliance reviews to ensure program integrity. To ensure compliance:

- ✓ We structure claims to meet ATO and AusIndustry requirements.
- ✓ We help businesses maintain accurate records and supporting documentation.
- ✓ We provide guidance on best practices for audit preparedness.

The ATO publishes limited information about R&D claimants. This includes company names and the R&D expenditure claimed under the incentive. While specific compliance activity details remain confidential, public disclosure reinforces the importance of ensuring claims are accurate, defensible, and compliant with program requirements.

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