



Advisors & Accountants

Take the lead

R&D Tax Incentive

Maximise Opportunity

The Federal Government's major incentive program to support Australian companies to be more innovative, productive and competitive



Overview

The R&D Tax Incentive is the Australian Government's principal support measure to encourage business investment in Research and Development (R&D).

ShineWing Australia has a dedicated R&D team with a national presence. Our approach cuts through complexity to maximise success. Our services include:

- Identifying and evaluating eligible R&D activities and projects
- Calculating eligible R&D expenditure
- Preparing documentation for registration of R&D activities
- Preparing the R&D Tax Schedule to claim the benefit
- Assisting with compliance and project documentation
- Conducting R&D training sessions.

Program Administrators

AusIndustry, a division of the Department of Industry, Innovation and Science, and the Australian Taxation Office (ATO) share the responsibility for the administration of the R&D Tax Incentive.

The R&D Tax Incentive provides a tax offset for business expenditure on eligible R&D activities. It is open to eligible companies of all sizes across all industry sectors including:



Agribusiness



Life sciences



Energy and resources



Manufacturing



Financial services



Property and construction



Food and beverage



Technology start-ups and more.



Information technology

Benefits on offer

Company aggregated turnover	Less than \$20m		Between \$20m and \$50m	Greater than \$50m
Tax offset rate	43.5% refundable tax offset		38.5% non-refundable tax offset	38.5% non-refundable tax offset
Company tax rate	27.5%		27.5%	30%
Tax position	Tax loss position	Tax profit position	Tax loss or profit position	Tax loss or profit position
R&D benefit	43.5c cash refund for every eligible R&D dollar identified	43.5% tax offset applied to reduce corporate tax liability with unused offset refunded	38.5% tax offset applied to reduce corporate tax liability with unused offset carried forward	38.5% tax offset applied to reduce corporate tax liability with unused offset carried forward
Realised value per R&D dollar	43.5 cents ¹	16 cents ²	11 cents ³	8.5cents ³

¹ A company must be in a sufficient tax loss position with no outstanding tax liabilities to access the full refundable offset.
² If a company's tax liability is reduced to zero, a cash refund might be able to be accessed for any unused refundable offset amount.
³ If a company's tax liability is reduced to zero, an excess offset may be carried forward into future income years.
 If a company's notional R&D deductions exceed \$100M in an income year, additional calculations are required to determine the rate of tax offset and R&D benefit.
 These rates are applicable for income years 2018-2019 and 2019-2020.

Who can claim?

The following types of companies are eligible to apply:

- A company incorporated under Australian law
- A company incorporated under foreign law that is an Australian resident for tax purposes
- A foreign company carrying on R&D activities in Australia through a permanent establishment, where Australia holds double tax agreement with that foreign country.

Trusts are not generally eligible R&D entities with the exception of a public trading trust with a corporate trustee.

Tax exempt entities, individuals or corporate limited partnerships are ineligible.

Where can the R&D be undertaken?

Generally, only within Australia.

R&D work outside of Australia may qualify where an advanced overseas finding application has been applied for and approved. This application must demonstrate that the overseas R&D activities:

1. Have a scientific link to the Australian based R&D work
2. Are not able to be conducted in Australia
3. Represent less than 50% of the overall R&D project costs.

What can be included?

Eligible expenditure may include a combination of the following:

- Salaries/wages (plus on-costs) paid to employees and internal contractors for time spent on R&D activities
- Payments to contractors and other direct costs on R&D activities (e.g. travel, materials, trial costs, software expenses)
- Depreciation on plant and equipment used for R&D activities
- A portion of overheads that support R&D activities (e.g. rent, electricity, internet expenses etc.)

Payments to associates are only eligible to be claimed when paid.

Considerations for contracted R&D

R&D must be undertaken 'on your own behalf', meaning an applicant must consider whether they:

- Bear the financial risk
- Are able to control or influence the conduct and direction of the R&D
- Either own or have effective ownership of the R&D results.

What is the process?

1

Identify eligible R&D activities

- Assess eligibility to claim the R&D Tax Incentive
- Identify eligible core and supporting R&D activities
- Evaluate supporting documentation in the context of compliance requirements.

3

Lodge R&D schedule with tax return

- Calculate the eligible expenditure incurred on R&D activities
- Prepare supporting schedules to claim the R&D tax offset through the company income tax return
- Prepare an end-of-claim file to document the methodology of the claim.

2

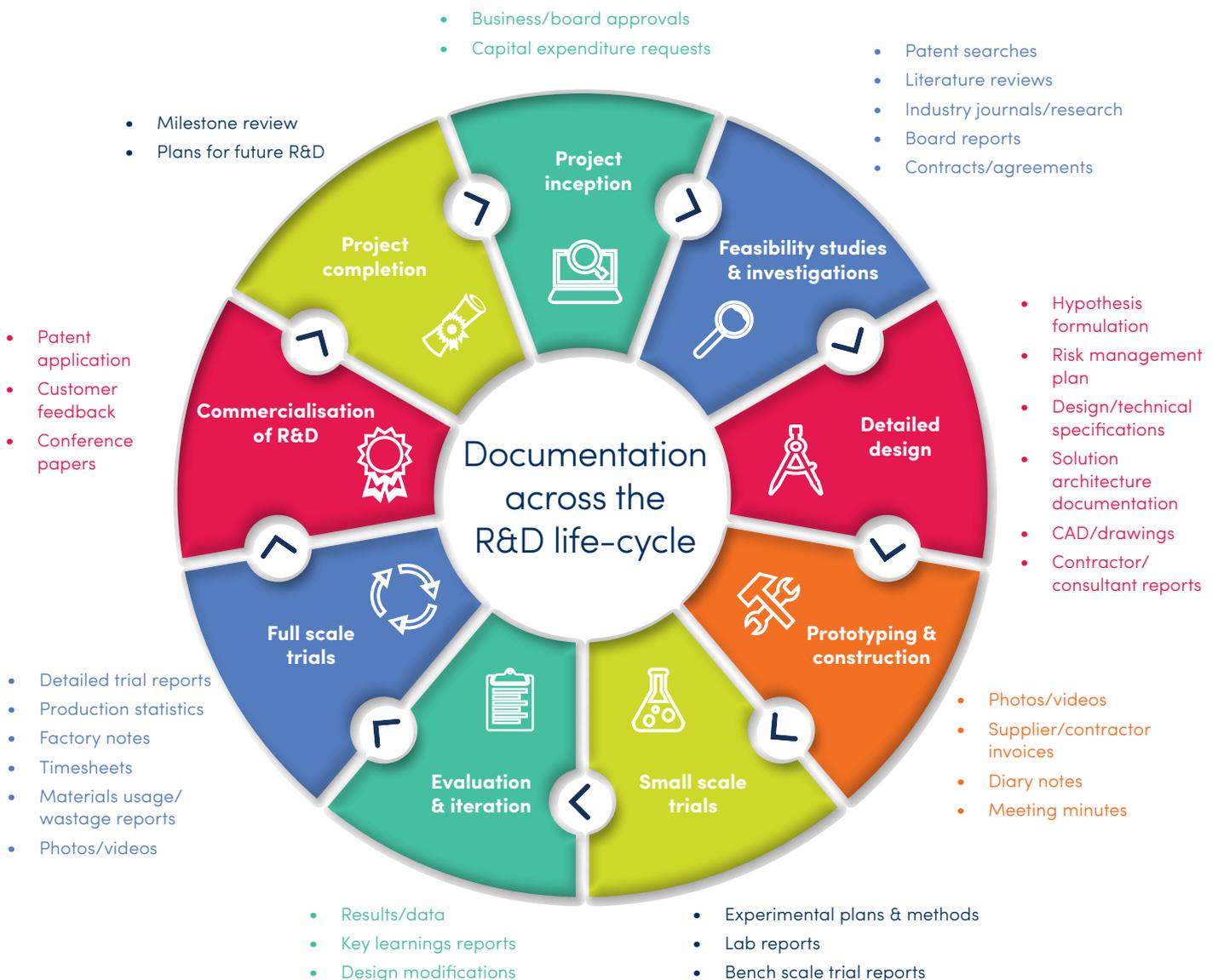
Register as an R&D entity

- Lodge the R&D registration application within 10 months after the company's financial year end.

4

Receive cash or tax offset

- The company should receive the R&D benefit once the tax return is processed by the ATO.

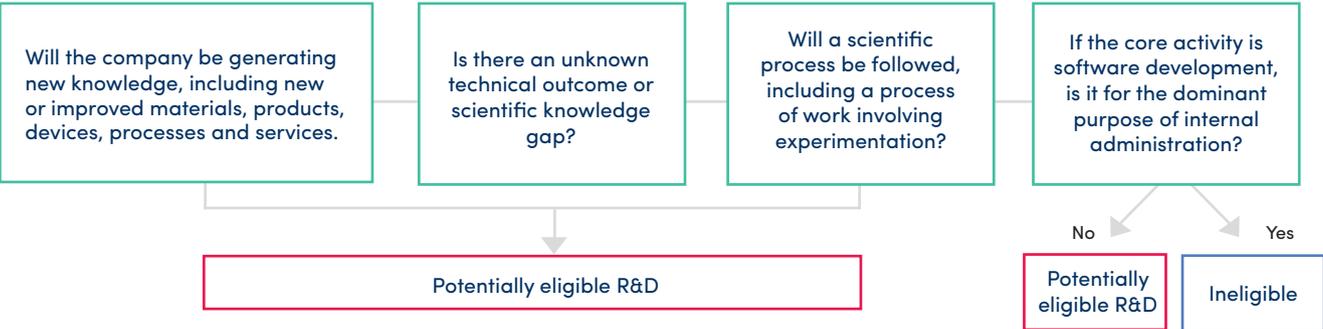


Eligible R&D activities

Eligible activities are either 'core' or 'supporting' R&D activities.

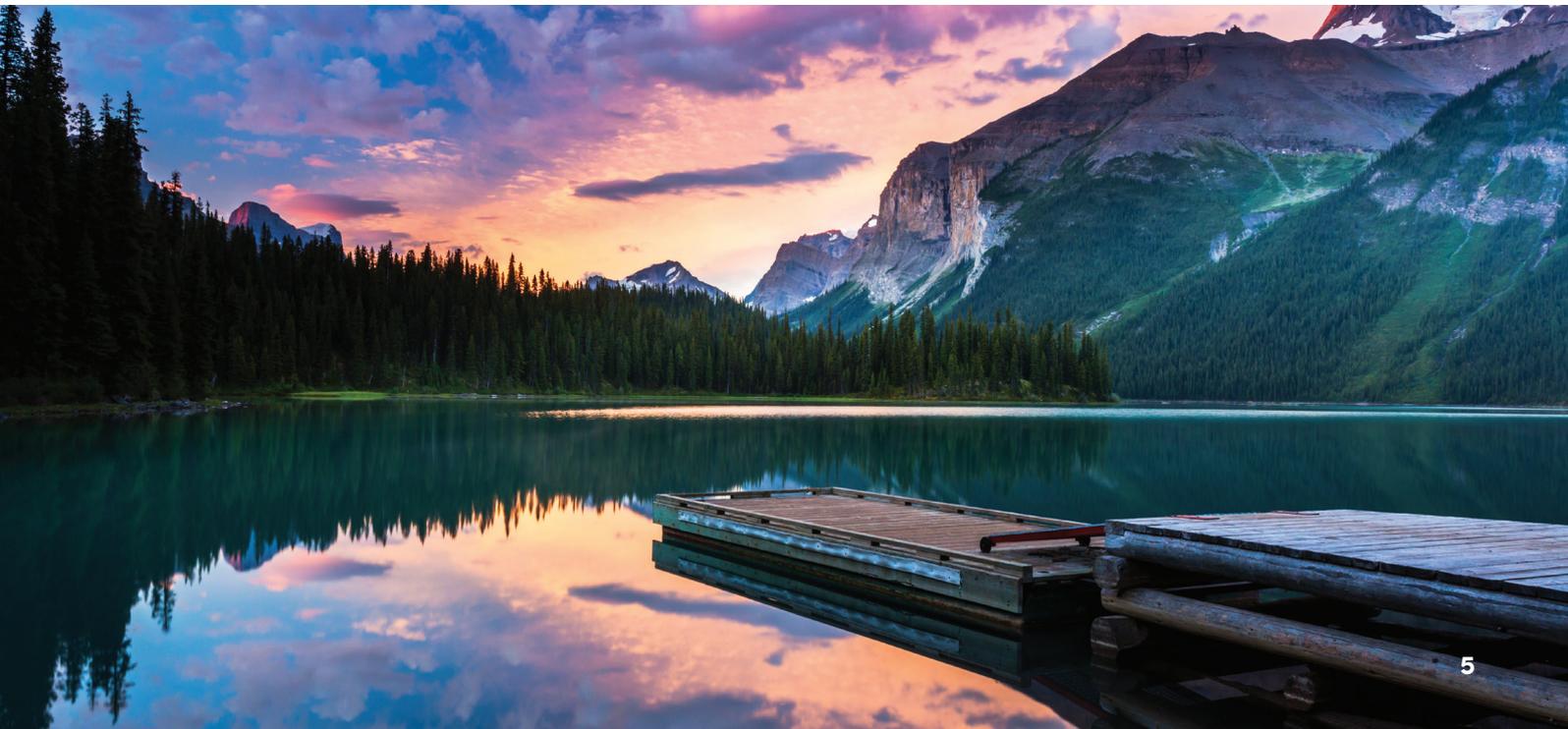
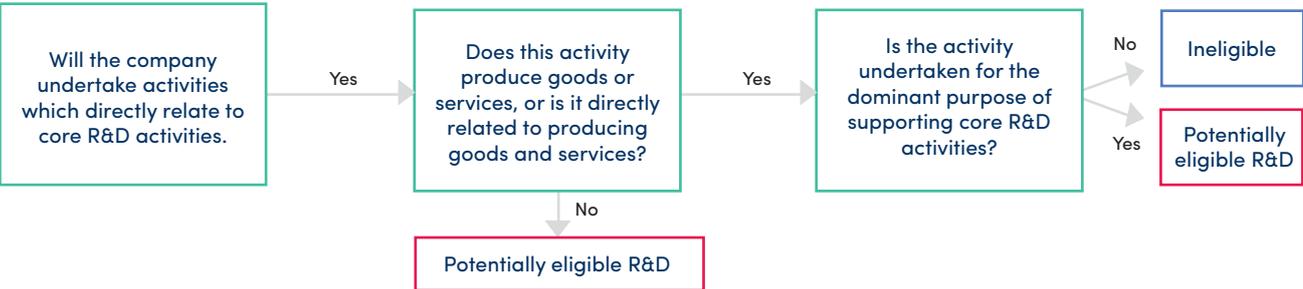
To register, a business must have at least one core R&D activity. Supporting R&D activities are optional.

Core R&D activities



Supporting R&D activities

Eligible supporting R&D activities must have a direct, close and relatively immediate relationship to the core activity.



About ShineWing Australia

ShineWing Australia is an Australian owned advisory and accounting firm with an 85 year history that understands relationships make all the difference in **creating opportunities and delivering great outcomes for our clients and our people.**

With access to a global network and a team of over 10,000 professionals in 79 offices across 14 countries and regions, we work together to open doors to opportunity in Australia, Asia and across the world.

Our Values

The values that guide the way we interact within our firm also reflect the manner in which we interact and engage with you.

Our values underpin our purpose, which is to create opportunities in Australia and internationally for our clients and people.



Best Accounting Firm 2018 & 2019
Finalist in The Financial Review Client Choice Awards (\$50m - \$500m) 2018 and (\$50m - \$200m) 2019



Top Intern Programs for 2017, 2018 & 2019
Ranked No. 1 in 2017 & listed in the Top 6 in 2018 & 2019 by Australian Association of Graduate Employers



AFR Top 100 Graduate Employer 2018 & 2019
Listed in the Top 100 by Australian Financial Review & GradConnection



Top Graduate Employers for 2017 & 2019
Listed in the Top 10 in 2017 and ranked No. 23 by Australian Association of Graduate Employers

Industry Focus

Industries that are important for bilateral trade, investment and economic prosperity for both Australia and Asia are supported by our firm.

-  Agribusiness
-  Automotive
-  Education
-  Energy & resources
-  Financial services
-  Health & aged care
-  Not-for-Profit
-  Property & infrastructure
-  Tourism, hospitality & gaming

Advisory Services

Financial

- Acquisition & investments
- Capital raising
- Due diligence
- Financial modelling
- Grants and incentives
- IARs & IERs
- IPOs
- Merger integration
- Private wealth advisory
- Transaction advisory services
- Valuations

Strategic, operational & compliance

- Business & strategic planning
- Business planning tax advice
- Cloud accounting
- Compliance services
- Corporate advisory services
- Corporate governance
- Data analytics
- Information technology risk & security
- Outsourced accounting solutions
- Risk management

Assurance

- Compliance audits & reviews
- Expert accounting & audit opinions
- External audit
- Internal audit
- Review of financial reports
- Systems and controls reviews
- Technical IFRS, accounting advice & training

Tax

- Corporate tax risk management
- Employment taxes (FBT, superannuation & payroll)
- Expatriate taxes & global mobility
- Fuel tax credits
- GST & indirect taxes
- International tax
- Remuneration & benefits (share schemes)
- Research & development tax incentive
- Tax structuring
- Transfer pricing

Our International Network

Australia | Mainland China | Egypt | Germany | Hong Kong | India | Indonesia
Japan | Malaysia | Pakistan | Singapore | Taiwan | Thailand | United Kingdom

ShineWing International is one of the world's leading organisations of independently owned and managed accounting and advisory firms.

Established in 1999, the network now has 79 offices across 14 countries with 10,000 people and 450 partners. With international headquarters in Hong Kong, ShineWing member firms provide assurance, business advisory, corporate finance and tax consulting services. ShineWing's premium advantage lies in its ability to provide foreign companies safe passage and premium market intelligence when establishing a business presence with or within China/Asia. ShineWing China firm is the largest indigenous and integrated firm in Mainland China, with 24 offices and 8,000 people.

ShineWing China

ShineWing China was established by China's original Sovereign Fund China International Trust Investment Corporation (CITIC) in 1983, established as CITIC Accountants under Deng Xiao Ping's reformation of the Chinese Accounting profession. ShineWing's long association with the Chinese Government has afforded it an unrivalled client portfolio dominating 20% of the China Mega SOE market.

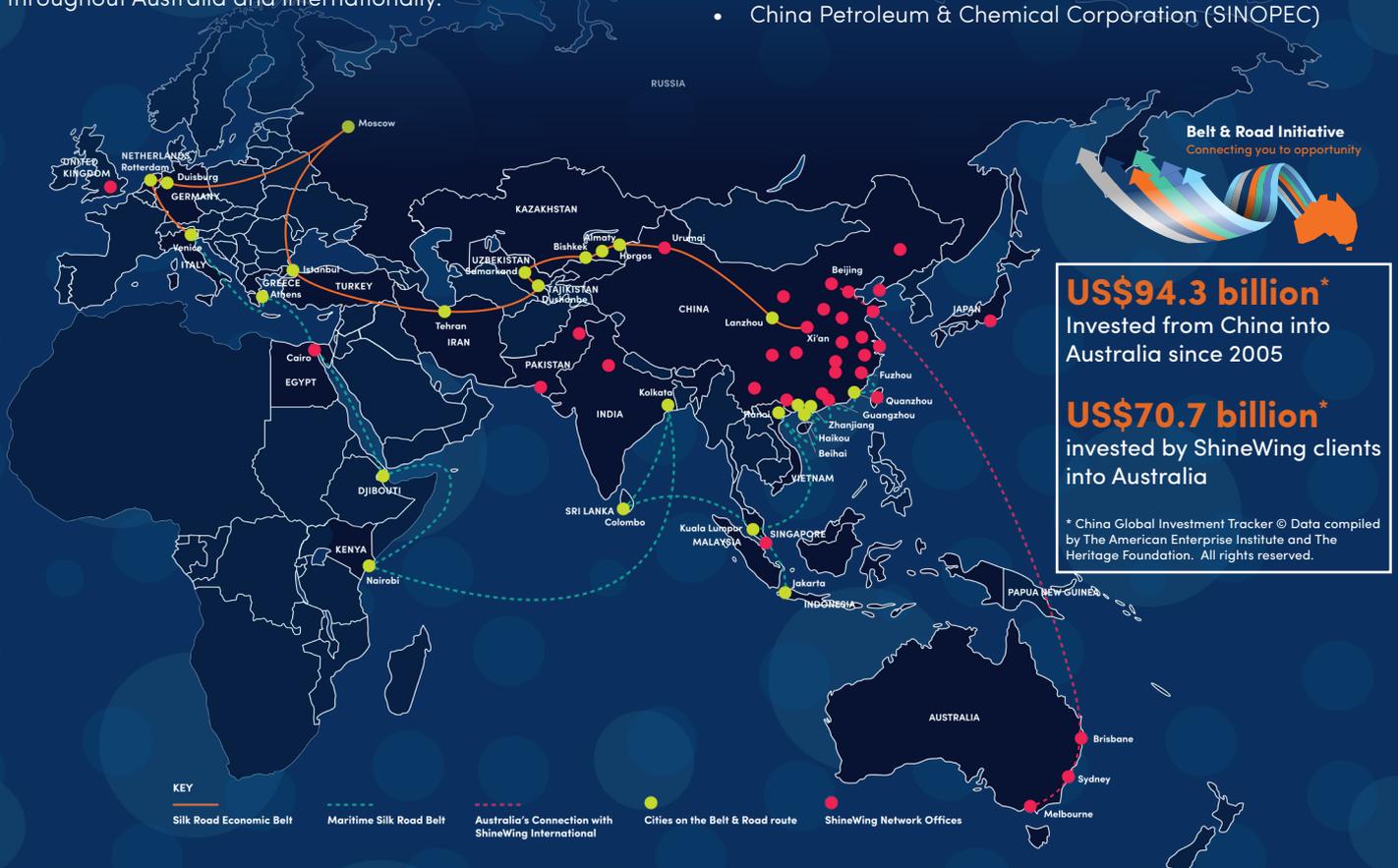
Praxity international alliance

ShineWing is also a member of Praxity that has member firms in over 100 countries, allowing our team to draw upon the expertise and resources of dedicated industry teams throughout Australia and internationally.

We work closely with these teams to access local industry insights and expertise to assist with the identification of key industry and business issues in a global context.

ShineWing China's clients' are the largest and most reputable companies in China:

- China International Trust Investment Corporation (CITIC)
- China National Cereals, Oils and Foodstuffs Corporation (COFCO)
- China Merchants Group
- China Ocean Shipping Company (COSCO)
- China National Petroleum Corporation (CNPC)
- China MinMetals Group
- China Investment Corporation
- Chinalco
- China Petroleum & Chemical Corporation (SINOPEC)



US\$94.3 billion*
Invested from China into Australia since 2005

US\$70.7 billion*
invested by ShineWing clients into Australia

* China Global Investment Tracker © Data compiled by The American Enterprise Institute and The Heritage Foundation. All rights reserved.

KEY

- Silk Road Economic Belt
- Maritime Silk Road Belt
- Australia's Connection with ShineWing International
- Cities on the Belt & Road route
- ShineWing Network Offices

Your experienced R&D Team



Sam Morris

Partner

P +61 3 8635 1980

E smorris@shinewing.com.au



Stephen O'Flynn

Partner

P +61 3 8635 1986

E soflynn@shinewing.com.au



David Wilson

Associate Director

P +61 7 3085 0809

E dwilson@shinewing.com.au



Thomas Demel

Senior Manager

P +61 3 8635 1994

E tdemel@shinewing.com.au



John Anderson

Senior Consultant

P +61 3 8779 6594

E janderson@shinewing.com.au



Tricia Ong

Consultant

P +61 3 8779 6521

E tong@shinewing.com.au

ShineWing
AUSTRALIA

Advisors & Accountants

Brisbane

Level 14
12 Creek Street
Brisbane QLD 4000
T +61 7 3085 0888

Melbourne

Level 10
530 Collins Street
Melbourne VIC 3000
T +61 3 8635 1800
F +61 3 8102 3400

Sydney

Level 8
167 Macquarie Street
Sydney NSW 2000
T +61 2 8059 6800
F +61 2 8059 6899



shinewing.com.au

