

2020 Budget Bites Government Incentives



Key takeaways

- The R&D Tax Incentive will see a \$2bn boost, with many businesses obtaining an increase in their R&D offset from income years starting on or after 1 July 2021
- Previous plans to wind back the R&D incentive rate have been withdrawn
- Manufacturers are big winners, with \$1.3bn announced over 5 years for grants and programs to invest in new technology and process improvement to scale up and create jobs
- Support will be focussed towards businesses that fit within the National Manufacturing Priorities
- Female founded start-ups will be eligible to apply for grants under the \$35.9m Boosting Female Founders Initiative
- Support for the uptake of digital technologies in business through the Digital Business Plan.

Impacts to your business

- For companies with aggregated annual turnover of less than \$20 million, the refundable R&D tax offset will be set at 18.5% above the claimant's company tax rate, and the \$4 million cap on annual cash refunds will not proceed.
- Medium and large businesses that invest heavily into eligible R&D (>2% of total business expenses) will see an offset of the claimant's company tax rate plus 16.5% on R&D expenditure above an initial threshold, encouraging greater investment
- Opportunities to access funding to form joint projects with industry and research organisations will be available through the Manufacturing Collaboration Stream
- Winners include: Agribusiness, Manufacturing, those in the national manufacturing priority sectors and 'Start ups'.

Opportunities for growth and stability

- Renewed focus on science and research to support innovation and manufacturing
- Increased certainty for businesses that rely on the R&D Tax Incentive to support their growth
- Support for collaboration between private enterprise and research organisations
- Funding to assist manufacturers turn good ideas into tangible commercial outcomes.

Did the Budget deliver what you ordered?

The Budget has delivered a fair balance of support for research & development activities together with opportunities for commercialisation of ideas, collaboration and growth. Reach out to our experts below for assistance navigating the implications and opportunities this Budget presents for you, your business and your industry.



Sam Morris, Partner

T +61 3 8635 1980
E smorris@shinewing.com.au



Thomas Demel, Senior Manager

T +61 3 8635 1994
E tdemel@shinewing.com.au



John Anderson, Consultant

T +61 3 8779 6594
E janderson@shinewing.com.au

