

R&D Tax Incentive (RDTI)

As a recipient of our New to R&D Grant you will have the opportunity take part in an introductory session with our R&D Tax Incentive Engagement team. This will help you understand all the eligibility criteria, ensure you're collecting the right information throughout the year and lend a guiding hand as you progress towards filling your application.

Developing capability in this area will help you to better understand the requirements to apply for the R&D Tax Incentive (RDTI). Depending on the legal structure of your business, there may be certain conditions you need to meet to be eligible. There are also requirements around where and how you conduct your business, where your R&D is carried out, how much you invest in R&D, and who has ownership rights of your R&D. The RDTI is about encouraging R&D that pushes beyond existing scientific and technological barriers and does this in a way that's both systematic and with a specific goal in mind. R&D can mean different things in different contexts. For example, the business, accounting, and scientific worlds all have different definitions of what R&D means that are specific to those sectors. Understanding each of the criteria is important to ensure your business can satisfy the compliance requirements for the tax incentive scheme.

Do you know the eligibility criteria and record keeping requirements to apply for the RDTI in a given financial year?

To be eligible for the RDTI, you must be doing more than just developing a new product, service, or knowledge. You must be trying to overcome a particular scientific or technological problem that you're not even sure can be resolved. The RDTI calls this "scientific or technological uncertainty", and being able to identify and describe it is the basis on which RDTI eligibility rests. It is important to start defining your R&D as early as possible, in terms that satisfy such eligibility criteria.

You can also include various types of expenditure as part of your RDTI claim. There are, however, some restrictions on expenditure that occur in certain contexts, and there's a list of specific types of expenditure that are ineligible. The main cost businesses usually claim for is the cost of paying people to carry out R&D. As a guide, roughly 70% of a tax credit generally reflects employee costs. The other costs you can claim include depreciation and goods and services used to conduct R&D. This may change depending on the type of R&D you are conducting so it is important to track and monitor associated costs at appropriate intervals.

Potential risks of not understanding eligibility and record keeping for RDTI include:

- You don't get the full benefit that the RDTI can offer your business.
- You shortchange your R&D investment pool.

Topic Resources:

Title/Provider	Description	Link
Callaghan Innovation R&D Tax Incentive site	Claim a 15% tax credit on your eligible research and development costs, with free tailored support from our dedicated team.	click here
Government R&D Tax Incentive (RDTI) site	Application information and tools to help you answer: Is my business eligible? Is my R&D eligible? How much money could I get?	click here