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# INTRO TO RESEARCH AND DEVELOPMENT TAX INCENTIVE FOR AUSTRALIAN STARTUPS

What is covered here is general, non expert advice, based on my interpretation of the rules. We make software for a living not fill out R & D applications.

This means I am not qualified to give advice on any of the topics here so do not rely on it. I am telling you what I think I learnt – I could be wrong.

Seek expert advice from someone like Tim (the next speaker) to verify all statements made in this presentation before following what is said.

# WHY SHOULD I CARE?



- 45% refundable tax offset if (t/o < \$20 million)
  - expenditure on R&D activities for year
  - decline in value of depreciating assets used for R&D during year

# WHY US?

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- Help client fund a million dollar web app project we are developing for them.

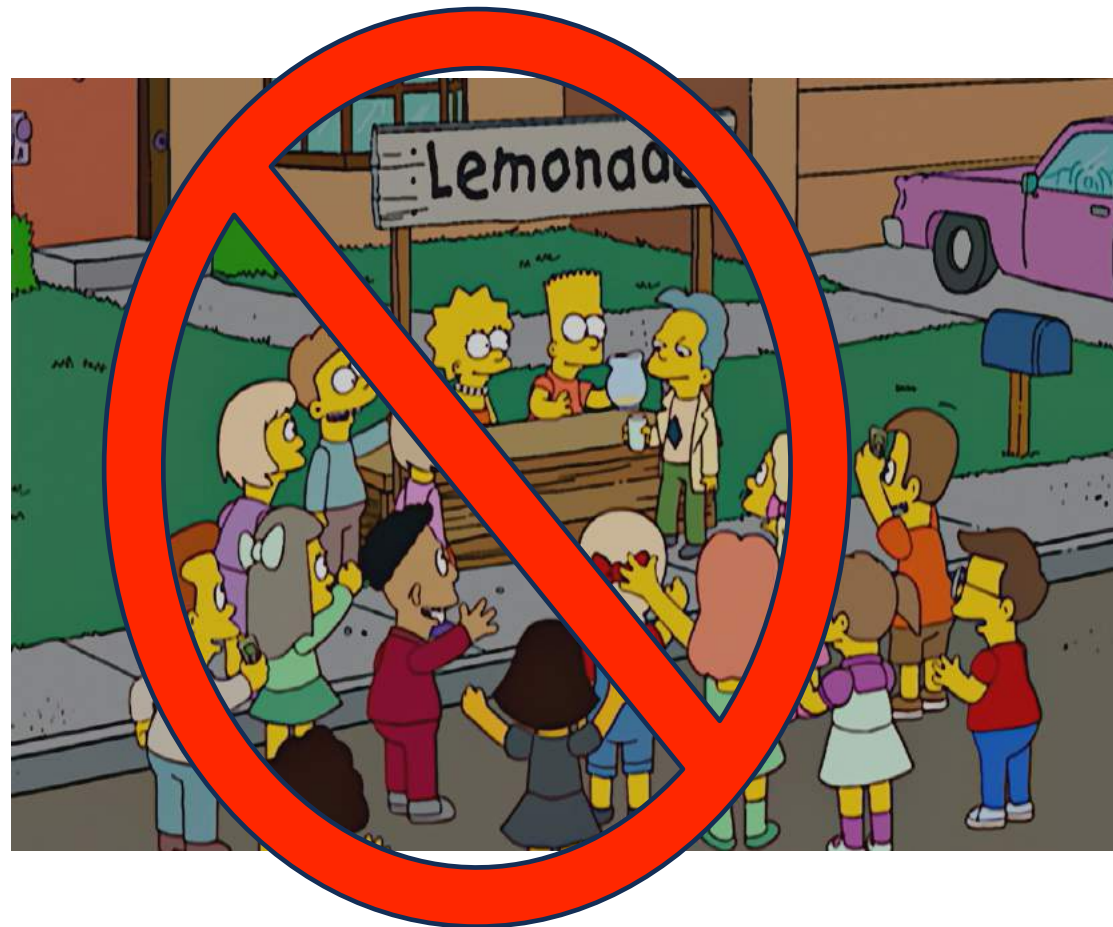
# AU INCORPORATION; OR FOREIGN INCORPORATED\*

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# NO PARTNERSHIPS

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# GENERALLY NO TRUSTS

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MUST COMPLETED FOR ENTITY ITSELF;  
OR A FOREIGN CORPORATION\*

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# UNDERTAKEN ELIGIBLE 'R&D ACTIVITIES'

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ONLY ABLE TO BE DETERMINED BY  
APPLYING A SYSTEMATIC PROGRESSION OF WORK

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Hypothesis



Experiment



Observation



Evaluation

# HYPOTHESIS



- statement that can be proven right or wrong by conducting an experiment

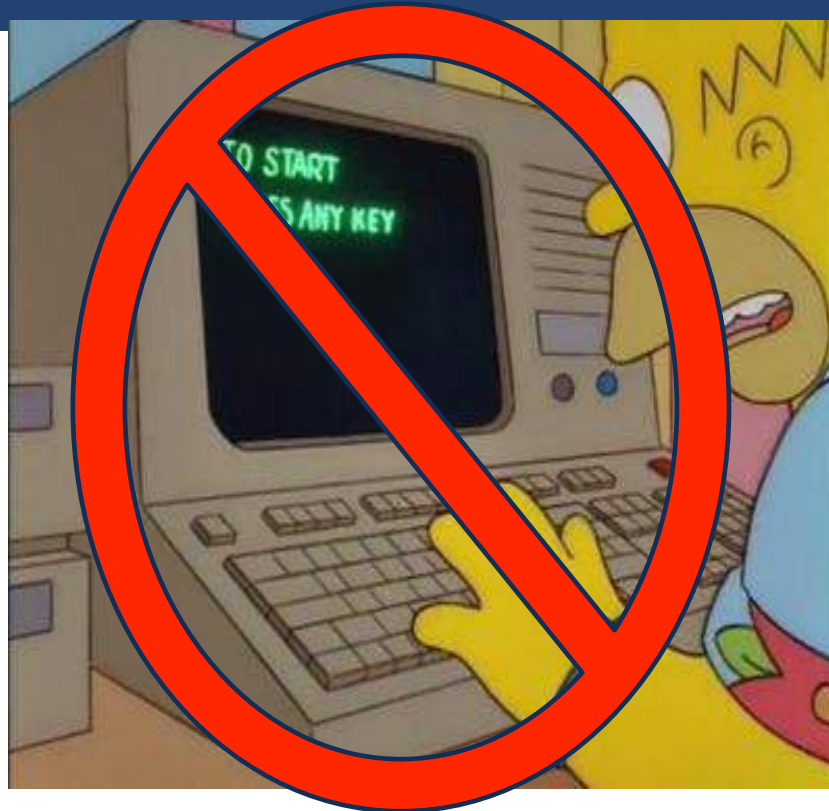
HYPOTHESIS > E.G. > GOOD

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- ✓ Applying iNerds newly-developed data-processing algorithms to Simpsons data sets will generate information appropriate for creating 3D visual depictions of Springfield.

# HYPOTHESIS > E.G. > BAD



- ✗ Can Homer particular computer software can be developed to include Springfield Elementary latest research?

Why? No way to disprove the hypothesis through an experiment.

# EXPERIMENT



- what you do to test the hypothesis

# OBSERVATION / EVALUATION



- measuring & recording of information / results



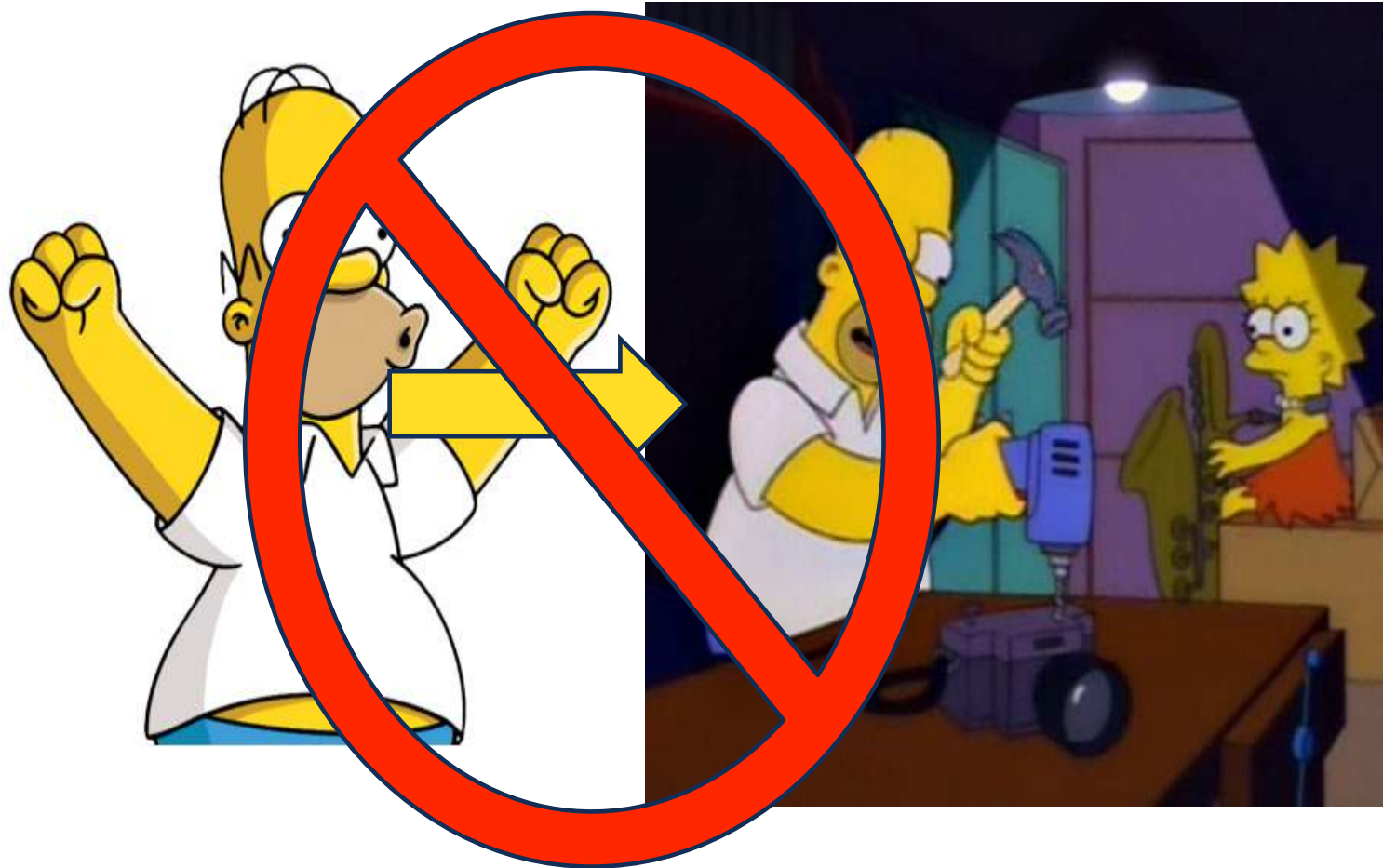
# CONCLUSION



- bring together results of evaluation and make decisions / findings

MUST LEAD TO LOGICAL CONCLUSION

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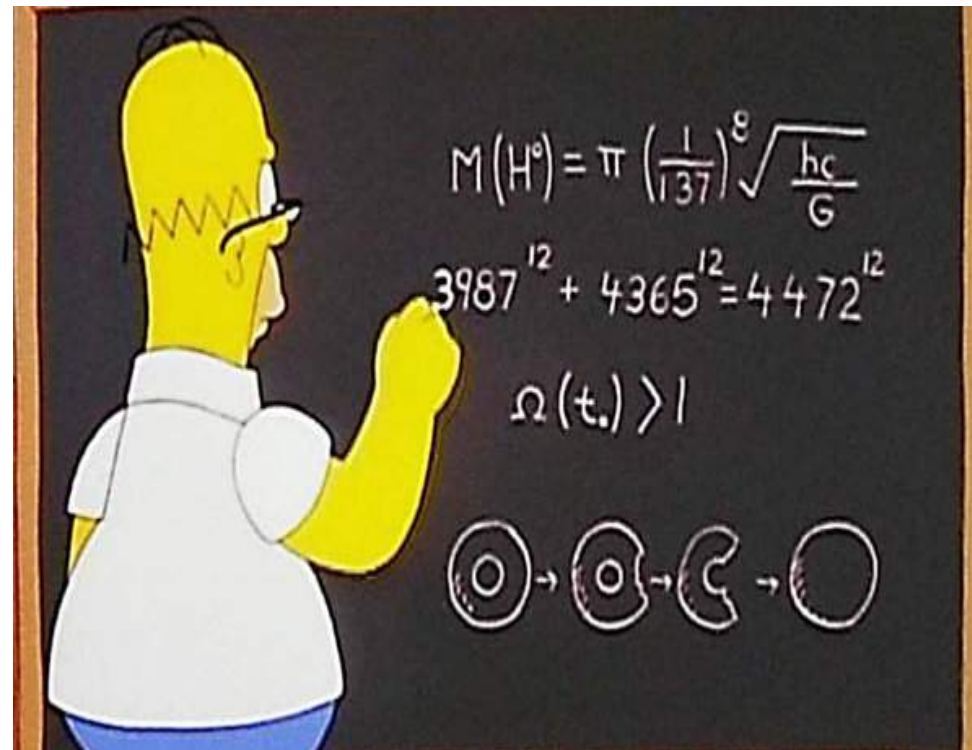
# BASED ON PRINCIPLES OF ESTABLISHED SCIENCE

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CONDUCTED FOR THE PURPOSE OF  
GENERATING NEW KNOWLEDGE

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# I) IMPROVED PRODUCTS / MATERIALS



new knowledge only needs to be a significant purpose... not the only purpose

## 2) NEW PROCESSES OR SERVICES

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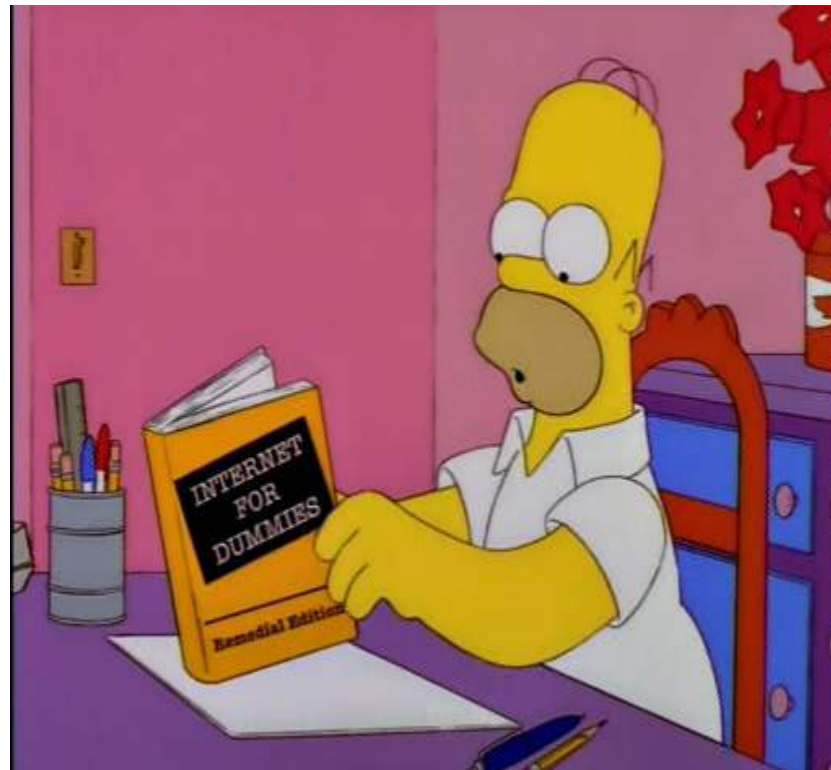
# HYPOTHESIS JUDGED BY... I



**competent professional** in the field **cannot determine** the if the hypothesis is t/f with conducting

# HYPOTHESIS JUDGED BY... 2

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not be determined using knowledge, information or experience that is publicly available or reasonably acces

# ACTIVITIES UNDERTAKEN FOR ANOTHER PURPOSE

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- Not enough to discover later that the activities were useful because they also happened to generate new knowledge.

# TEST IS AN OBJECTIVE TEST



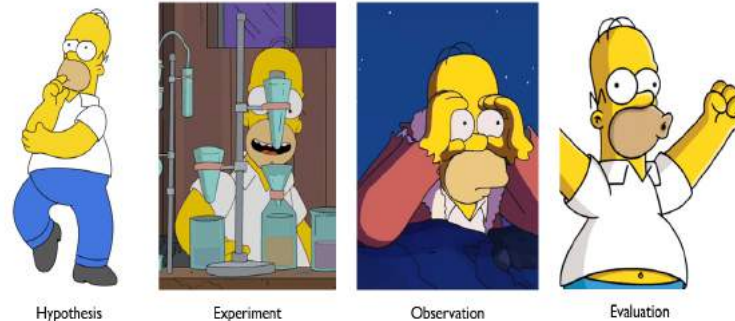
- Reasonable person
- Applies equally to all companies.

OUTCOME MUST  
UNKNOWN OR PRE DETERMINABLE

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# RECORDS TO BE KEPT?

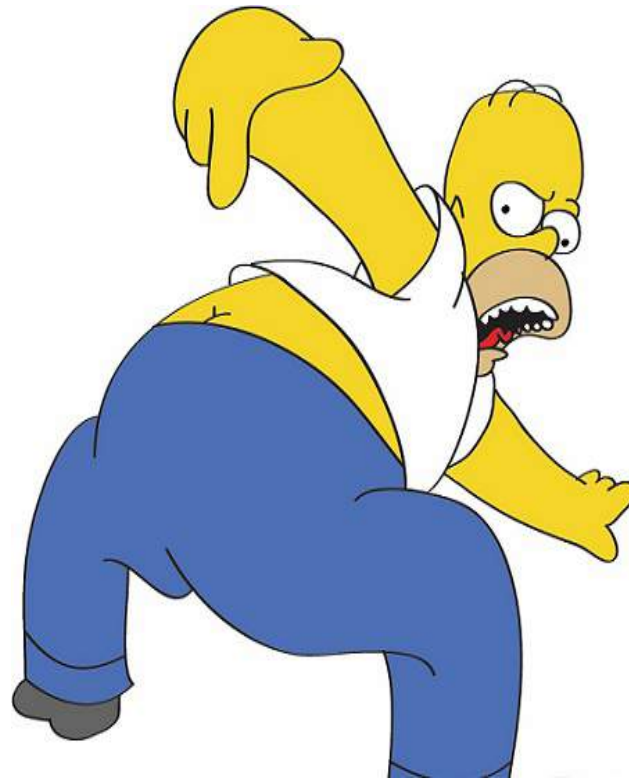


- Conclusions about hypothesis and implications
- Enquiries to determine if a professional has answers
- Project docs: plans and minutes etc.



MUST IDENTIFY EXPENSES / ASSETS USED

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# IMPORTANT EXCLUSIONS

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# TESTS THAT ONLY COLLECT DATA



- Because an evaluation does not necessarily test a hypothesis.

# USE 'TRIAL & ERROR' ALONE



- Because it doesn't test a hypothesis about the relationship between variables

# REPRODUCING EXISTING PRODUCT / PROCESS

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- Seeking to reproduce an existing product or process by physically examining it, its plans or other documentation showing how it works or how it is made?

# MARKET RESEARCH, TESTING & DEVELOPMENT

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- Seek to discover consumer interest in a product or service?
- Seek to discover consumer preferences about the characteristics of a product or service?



TIP I

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## TIP 2

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## USEFUL LINKS

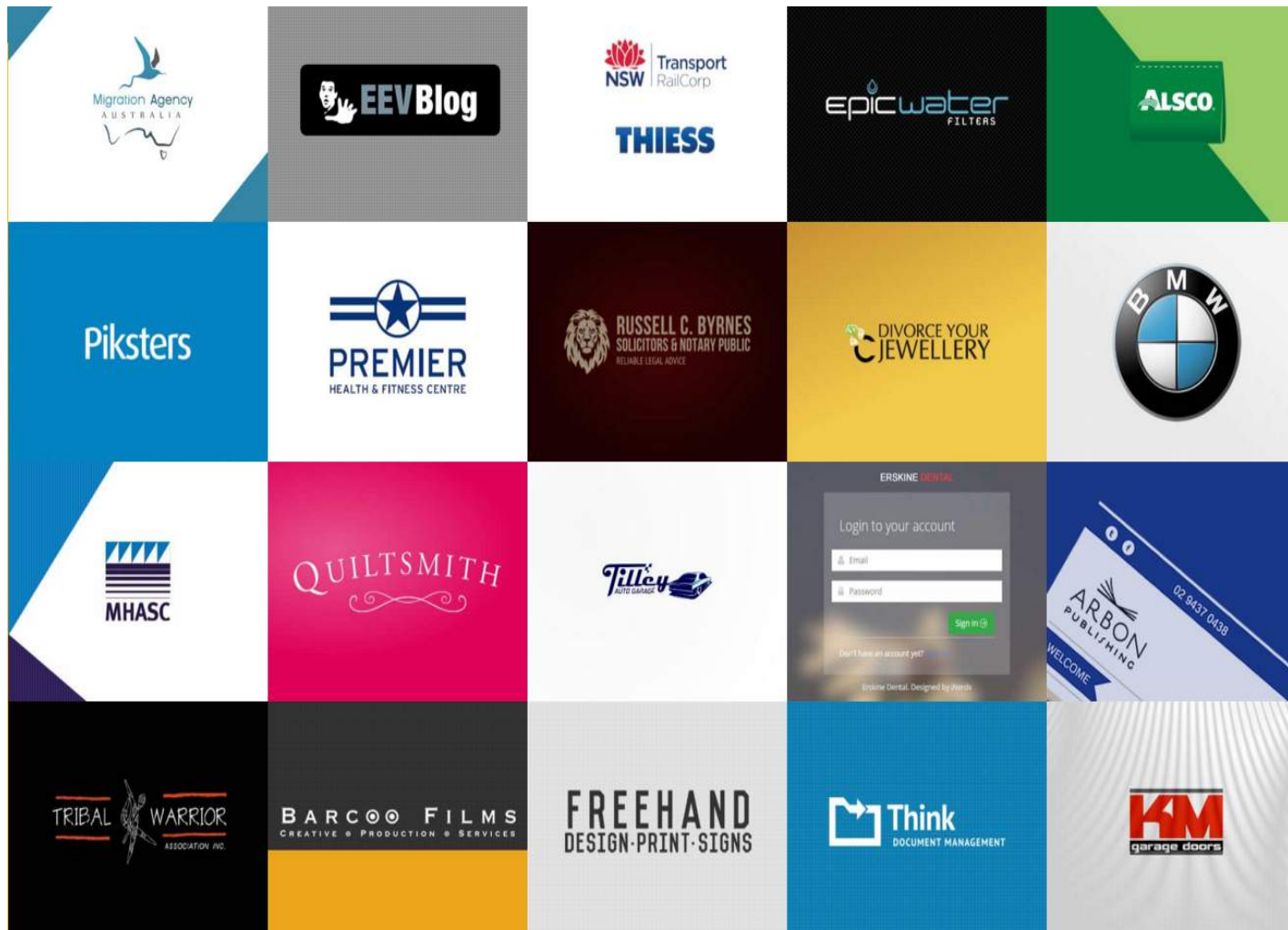


- <http://www.business.gov.au/grants-and-assistance/innovation-rd/RD-TaxIncentive/Program-Information/Documents/RandDTaxIncentive-ConsolidatedCustomerInformationGuide.pdf>
- <https://www.ato.gov.au/Business/Research-and-development-tax-incentive/>
- [www.business.gov.au/grants-and-assistance/innovation-rd/RD-TaxIncentive/Apply/Pages/sampleApplicationForms/](http://www.business.gov.au/grants-and-assistance/innovation-rd/RD-TaxIncentive/Apply/Pages/sampleApplicationForms/)
- Ask about supporting activities

W

WE CAN

WE DEVELOPED FOR THESE COMPANIES...



WE  
HEL  
P  
YOU  
?