



An Australian Government Initiative

R&D Tax Incentive: Registration

Information sheet

The R&D Tax Incentive

The **R&D Tax Incentive** is the Australian Government's principal measure to encourage industry investment in research and development (R&D). It is a broad-based, market-driven program that aims to boost company competitiveness, improve productivity and deliver economy-wide benefits to Australia.

The **R&D Tax Incentive** replaces the **R&D Tax Concession** from 1 July 2011 and is jointly administered by AusIndustry (on behalf of Innovation Australia) and the Australian Taxation Office (ATO).

What is registration?

Companies wishing to access the **R&D Tax Incentive** for R&D activities that they conducted must firstly register with AusIndustry. Registration takes place after activities have been undertaken. Applications are due annually within 10 months after the end of the company's income year in which the activity was conducted.

Registration of activities does not, by itself, indicate that activities are eligible R&D activities, or that they comply with other provisions of the relevant legislation.

Who can apply?

The following types of companies are eligible to apply for the **R&D Tax Incentive**:

- ▶ a company incorporated under an Australian law;
- ▶ a company incorporated under foreign law that is an Australian resident for tax purposes; or
- ▶ a company incorporated under a foreign law that is a resident of a foreign country with a double tax agreement with Australia that carries on a business in Australia through a permanent establishment of the body corporate in Australia.

A body corporate acting as trustee of a public trading trust is also eligible for the **R&D Tax Incentive**.

What if I am part of a consolidated or multiple entry consolidated (MEC) group?

Head companies of a consolidated or MEC group are required to register for R&D activities conducted within their group. Subsidiary members cannot register activities themselves while they are part of such a group.

Where a company joins or leaves a group during an income period, the company will need to lodge separate applications for the period they were non-consolidated and for each period they were part of a different consolidated group. The separate applications can be lodged together as a bundle within 10 months of the end of the company's income year.

Companies are required to self-assess whether or not they are part of a consolidated or MEC group, and can contact the ATO for assistance if in doubt.

What information is required when registering?

Registration forms will be available from the AusIndustry website before the end of the 2011–2012 financial year with applications for registration being due within 10 months of the end of the company's income year.

Companies should ensure they register all activities they assess to be eligible annually. A failure to register some activities in earlier years may affect a company's ability to register related activities in subsequent income years.

Key information that will be required when registering includes:

▶ Separation of activities as 'core' or 'supporting' R&D activities

Applicants will need to separately identify which activities meet the definition of 'core R&D activities' or 'supporting R&D activities'¹.

▶ Description of activities

Activities need to be described with sufficient detail and clarity to convey the main steps involved in undertaking them.

Can I register in advance?

Companies cannot register in advance, but may apply for an advance finding on whether an activity is an eligible R&D activity prior to registration. An advance finding will provide certainty as to the eligibility of activities however annual registration will still be required.

For more information about advance findings refer to the *R&D Tax Incentive: Advance Finding Information Sheet* and *R&D Tax Incentive – Guide to Findings* available on the AusIndustry website.



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Can my registration be refused?

AusIndustry may choose to examine a registration application in detail and make a finding on the eligibility of all or some of the activities detailed in the application. Further information may be requested as part of this examination. Companies will be contacted to discuss their registration application where they are subject to this examination.

Can my registration be revoked?

A registration may be revoked where Innovation Australia is not satisfied that the entity was a R&D entity at any time when the registered activities were conducted during the income year. A R&D entity may also request to revoke their registration.

What else can happen to my registration?

Activities already registered may also be subject to a compliance review that may lead to a finding as to their eligibility. This finding may be requested by the ATO, the company or Innovation Australia on its own initiative. This finding binds the ATO as to the eligibility of activities for determining a company's tax offset entitlement.

Can I vary my registration?

Companies may request to vary their registration within 10 months from the end of their income year (i.e. the final deadline for registration). Innovation Australia is able to accept and process these variations upon receiving a request.

Variation requests received after 10 months from the end of the company's income year may only be considered by Innovation Australia in accordance with the Decision-making Principles².

Can I submit a late application?

Applications must be submitted within 10 months of the close of the company's income year. However, late applications may be accepted in exceptional circumstances where a company has successfully sought an extension of time.

Can I appeal against a negative decision about my registration?

A R&D entity can request an internal review of a decision made relating to their registration under the **R&D Tax Incentive** within 28 days of being notified of the decision. Any application for internal review of a decision must be made on the approved form.

1. See the *R&D Tax Incentive – Eligibility of activities (core and supporting R&D activities) Information Sheet*.
2. See the AusIndustry website for more information.

Where do I go for more information?

For information on registration and eligibility of R&D activities, contact AusIndustry

- ▶ Visit the website | www.ausindustry.gov.au
- ▶ Call the AusIndustry hotline | 13 28 46
- ▶ Email the AusIndustry hotline | hotline@ausindustry.gov.au



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