

New R&D Tax Incentive Program

AusIndustry Briefing Session Summary

20 September 2011

pwc

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you like to grow?*

New R&D Tax Incentive Program – AusIndustry Briefing Session Summary

Last week AusIndustry, in conjunction with the Australian Taxation Office (ATO), held the first of a series of briefing sessions on the new R&D Tax Incentive program.

Main topics discussed

The briefing session was led by a panel of AusIndustry and ATO representatives, with the following topics addressed:

- Benefits of, and expanded access under, the new program.
- Definition of an eligible R&D entity.
- Definition of core and supporting R&D activities:
 - exclusions list
 - software
 - application of the dominant purpose test.
- Registration processes in relation to:
 - core and supporting R&D activities
 - advance findings
 - overseas activities.
- Increased emphasis on contemporaneous recordkeeping, including an emphasis to establishing a nexus between registered activities and eligible expenditures.
- Defining eligible expenditures and their treatment :
 - decline in value of eligible depreciating asset
 - R&D expenditure paid to an associate
 - clawback
 - feedstock.
- Ineligible expenditure under the new law including:

- building expenditure
 - interest
 - core technology
 - expenditure ‘not at risk’
 - expenditure incurred but not paid to an associate
 - expenditure of less than \$20,000 (unless paid to a RSP or CRC).
- Quarterly cash payments will commence from 1 July 2014 for those receiving the 45 per cent refundable offset

When will additional guidance be issued?

The first release of fact sheets and broad guidance was unveiled by both AusIndustry and the ATO (available from respective websites). AusIndustry also indicated the following guidance materials will be forthcoming:

October 2011

- Application for Advance Findings and Registration of Overseas Activities. - AusIndustry will begin processing these applications in the November – December 2011 time period.
- Discussion paper offering specific guidance on such issues as the eligibility of activities and the ‘dominant purpose’ test, among others.

January – June 2012

- Application Form for Registration of R&D Activities. The release of this form will not occur until the Government passes Regulations and Decision Making Principles.

- Based on consultation with key stakeholders, development and issuance of further guidance materials will be ongoing.

ATO representatives indicated that it will be some time before detailed guidance material (akin to the current ‘Guide to the R&D Tax Concession’) would be available.

Upcoming PwC events

PwC will be conducting industry specific workshops in various States over the coming months. Please click below for additional information and to register for one of these upcoming sessions:

- **Melbourne**
- **Sydney**

Further information

To conduct a deeper discussion and understand how these changes are applicable to your specific business case, please contact your usual PwC contact or:

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