

Research and Development Tax Concession

pwc

*What would
you like to grow?*

Research and Development Tax Concession

The Research & Development (R&D) Tax Concession is the Federal Government's principal incentive to companies undertaking R&D within Australia. The R&D Tax Concession allows eligible companies (incorporated in Australia) to deduct up to 125 per cent (175 per cent on incremental expenditure subject to conditions) of eligible expenditure incurred on R&D activities.

Registration for a R&D plan

Activities claimed under the R&D Tax Concession are required to be the subject of an R&D Plan. This requirement was introduced to reinforce the need for companies to think strategically about their R&D as a critical and ongoing part of their businesses. The requirement for an R&D Plan applies to all activities commencing on or after 1 July 2002. R&D activities that are undertaken which are not included in an R&D Plan are not eligible for the R&D Tax Concession.

R&D Tax Offset

The R&D Tax Offset allows small companies to obtain a cash rebate equivalent to the R&D Tax Concession deduction (including the Premium Concession). In most cases, the tax offset will be equal to 37.5 cents in the dollar for each dollar of R&D expenditure. For example, a company with \$200,000 of R&D expenditure may be entitled to a cash rebate from the ATO of up to \$75,000. The R&D Tax Offset is available to eligible companies with an annual group turnover of less than \$5 million and annual group R&D expenditure of up to \$1 million.

175% Premium Concession

In broad terms, the R&D tax concession legislation provides that where a company increases its R&D expenditure above the average of its R&D expenditure for the previous three years, the amount of the increase above the previous three year claim average may be

deducted at 175 per cent, instead of 125 per cent.

How PwC can help you

Our R&D Tax specialists will assist your company to identify eligible R&D activities and associated R&D expenditure. We will then assist you to prepare all the necessary documentation including the Application Form and your company's R&D Plan. PwC can also offer assistance in the event of an ATO or AusIndustry audit drawing on our team's extensive R&D Tax Concession experience.

For further information about R&D tax opportunities please contact your usual PwC adviser or one of our below R&D specialists listed below.

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