PRIME PARTNERS
CHARTERED ACCOUNTANTS

R&D TAX INCENTIVE

R&D claim checklist for CFOs and finance leads

Eight things to settle for a large R&D claim, in the order they come up through the year.

1 Know the group

List every connected and affiliated company, in Australia and overseas. Confirm aggregated turnover, which offset applies, and whether the company is a base rate entity paying 25 per cent.

2 Name the program

The projects, the core and supporting activities in each, and when they start. Check nothing falls in an exclusion, such as software for internal administration or the new gambling and tobacco exclusions.

3 Record as the work happens

The hypothesis before each experiment, the results as they come in and the decisions made because of them. Time records that split R&D from other work, and contractor scopes that say what was done.

4 Set up the money

A cost centre or project code for R&D. A basis for apportioning overheads, depreciation and shared staff. Payments to associates claimed only once paid. Any grants identified, because they can reduce the claim.

5 Work out the intensity

Notional R&D deductions divided by total expenses for the year, against the 2 per cent threshold. Check the total expenses figure and that every R&D cost is in the claim.

6 Settle the findings

An overseas finding lodged before the end of the year the overseas work is done, which is not available to a foreign-owned company. An advance finding where the board will rely on the offset.

7 Diary the dates

Registration with AusIndustry within ten months of the year end: 30 April for a 30 June year, 31 October for a 31 December year. Then the R&D schedule in the company tax return.

8 Brief the auditor and the board

Agree the accounting treatment of the offset with the auditor before year end. Give the board a short summary of what is claimed, why it qualifies, the evidence behind it and the risk if it is reviewed.

Prime Innovation, the R&D practice of Prime Partners
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This is general information, not advice for your circumstances.

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