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INSTITUTE



FINANCIAL ANALYSIS CLAIMING **PROCESS**



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FINANCIAL ANALYSIS PREPARATION FOR **YOUR YEAR END CLAIM**

For completion of your R&D Tax Incentive year end claim, the Avant Group team will undertake a project financial analysis to determine your R&D entitlement.

Please provide the following items to enable completion of your Research and Development Tax Incentive claim financial analysis:

Item	Details
Profit and Loss Statement	For the claim period (financial year)
Depreciation Schedule	Identifying equipment utilised for R&D purposes
Break out of direct expenses for research undertaken	Examples include direct test costs, prototype design fees
Salary breakout – total wages, plus super cost	Please provide break out per staff member, total number hours worked over period and number hours booked to research and development project/s.

NOTES:

Please ensure that any payments to Associates have been physically transacted. Please also advise or identify any R&D expenses for which you have been paid – either by a client or from another government funding source.

ELIGIBLE EXPENDITURE

If you are an R&D entity your notional deductions may be for:

- expenditure incurred on R&D activities
- the decline in value of assets used for conducting R&D activities (including R&D partnership assets)
- balancing adjustments for assets used only for conducting R&D activities (including R&D partnership assets)
- expenditure in relation to goods and materials transformed or processed during R&D activities to produce marketable products (feedstock expenditure)
- monetary contributions under the CRC program.

You are entitled to a notional R&D deduction in relation to expenditure described above to the extent that:

- your expenditure is of a kind eligible for the R&D tax incentive
- you incur expenditure during the income year (other than an amount you incur to an associate but do not pay until a later income year) on one or more registered R&D activities.



EXPENDITURE

You cannot notionally deduct the following types of expenditure under the R&D tax incentive:

- interest expenditure (within the meaning of interest in the withholding tax rules)
- expenditure that is not at risk
- general marketing expenditure, marketing research and general business studies
- patent fees, trademarks and other post commercialisation costs
- core technology expenditure
- expenditure included in the cost of a depreciating asset (decline in value notional deductions may apply however)
- expenditure incurred to acquire or construct a building (or part of a building or an extension, alteration or improvement to a building)

These types of expenditure do not warrant the enhanced tax benefits available under the R&D tax offsets. However, they should be considered under the normal deduction provisions of the income tax law because you may still be able to deduct these amounts from your assessable income.

SUBMISSION AND REFUND PROCESS

Your Avant Group R&D Technical Consultant will work closely with your Tax Accountant to ensure a smooth claiming process for your business.



RESEARCH PROJECT REVIEW

Collation of project research data and provision of Project Plan and Technical Findings for client sign off.

FINANCIAL ANALYSIS

Collation of budget information and project costs incurred and provision to client for sign off.

SUBMISSION TO AUSINDUSTRY

Project Review and Financial Analysis input into 'Smart Form' for submission to AusIndustry (Government Department). Within circa two weeks should receive a notification providing an 'Innovation Number'. This is a unique project registration number.

TAX RETURN

Provision of Innovation Number and Financial Analysis to your accountant for sign off and input into R&D Annual Reporting form, lodged concurrently with company tax return. Refund, if due, processed in line with tax return (typically 30 days).



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Website : www.researchinst.com

Email : info@researchinst.com

