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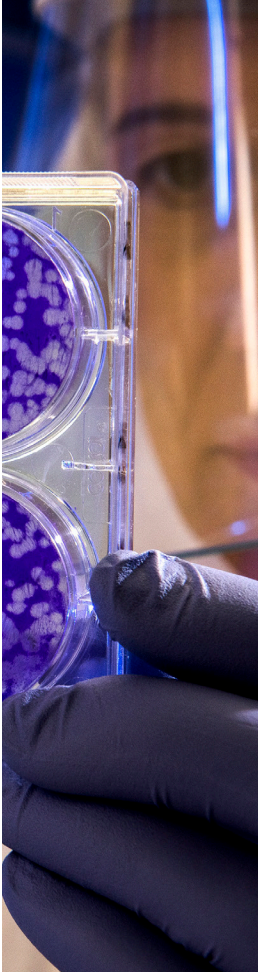


R&D TAX INCENTIVE

REPORTING GUIDE



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R&D TAX INCENTIVE REPORTING GUIDE

HOW TO SET UP YOUR R&D RECORD KEEPING

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Set up and maintain hard copy or electronic folders with the following Sections for holding your R&D records. These records will be required in the event of a review by either AusIndustry or the Australian Taxation Office. AusIndustry is the Federal Government body that administers the eligibility and registration of the R&D activities. The Australian Taxation Office is the Federal Government body that administers the eligibility of claimants and expenditure.

Tip: Electronic records are recommended where possible as these can be easily emailed to reviewers during a review. This helps speed up the review process.

FOLDER SECTIONS AND DOCUMENTS REQUIRED

Section 1 Company Records	<ul style="list-style-type: none">• Literature search and review.• Consultation with industry professionals and potential customers to determine the optimum bounce height• Preliminary equipment and resources review with respect to capacity, performance and suitability for the project• Consultation with key component/part/assembly suppliers to determine the factors they consider important in the design, and to gain an understanding of how the design needs to be structured
Section 2 Substantiation of R&D Activities. Required for each project claimed. **See substantiation checklist below	<ol style="list-style-type: none">1) Project R&D Plan2) Technology Investigation Report3) Experiment and Test Records4) New Learning Report including Patents5) Photos, Diagrams, Drawings6) Invoices showing direct connection of activities
Section 3 Substantiation of R&D Expenditure	<ol style="list-style-type: none">1) R&D Workpapers showing calculations of claimed amounts2) Invoices supporting claimed amounts3) Copy of Profit and Loss Statement4) Copy of Fixed Asset Register5) Bank Accounts showing Amounts Paid to Associates6) Apportionment Methodologies (R&D vs Non-R&D)7) Timesheets or an R&D Time Allocation Summary



SUBSTANTIATION CHECKLIST

CORE R&D ACTIVITIES

Must be: Experimental Activities, using the Scientific Method, to generate New Knowledge where the outcome cannot be determined in advance.

Document Name	Rules	Guidelines
R&D Project Plan Tip: Alternatives can include a Business Plan, Grant documents, other project planning documents.	Scientific Method New Knowledge Experimental Activities	Need to show systematic plan to undertake R&D activities (not ad-hoc). Also a record to describe the new knowledge being sought in the project. Summarises experiments undertaken and resources required for project.
Technology Investigation Report Must include copies of either: <ul style="list-style-type: none"> • Patent searches • Literature searches • Internet searches or Expert opinion 	Outcome Cannot Be Determined In Advance New Knowledge	Need to show record of analysis to verify uncertainty of outcome and newness of technology.
Experiment and Test Records	Experimental Activities New Knowledge	Test plans, test reports, written records to show the investigation of a causal relationship among variables and the recording and analysis of different outcomes.
New Learning Report including Patents	New Knowledge	New Learning Report to show the new knowledge gained (good and bad) for the benefit of the company.
Photos, Diagrams and Drawings Tip: it is recommended to attach photos to your R&D Application to help assessors visualise and understand your project.	Experimental Activities New Knowledge	Photos, drawings or diagrams showing different iterations and different outcomes. Photos or other evidence to show problems experienced during the experiments and that new knowledge is still required to complete the project.

SUPPORTING R&D ACTIVITIES

Must be: Directly Related to Core R&D Activities. Where directly related to producing goods or services, then must be undertaken for the Dominant Purpose of supporting Core R&D Activities.

Document Name	Rules	Guidelines
R&D Project Plan	Directly Related Dominant Purpose	Describes the direct connection between the Core R&D Activity and the Supporting R&D Activity. Shows additional resources required above normal work.
Experiment and Test Records	Directly Related Dominant Purpose	Shows disruption to normal production, business activity. Shows that it is a non-routine activity. Shows that the activity is only undertaken due to the Core R&D experiment and would not be required otherwise. Shows prevailing and most influential purpose of activity is to support Core R&D activity. Shows risk of production outcomes being compromised.
Invoices Tip: make sure invoices reference R&D project and specific tasks undertaken.	Directly Related Dominant Purpose	Test plans, test reports, written records to show the investigation of a causal relationship among variables and the recording and analysis of different outcomes.

GLOSSARY OF TERMS

Experimental activities are an investigation of causal relationships among relevant variables to test a hypothesis or determine efficacy of something previously untried.

New Knowledge is new to the public arena on a reasonably accessible worldwide basis.

Outcome Cannot Be Known In Advance is based on expert knowledge and experience.

Scientific Method means a structured project that starts from hypothesis through to conclusion.

Directly Related means a direct, close and relatively immediate relationship.

Dominant Purpose is the most prevailing or influential purpose of the activity.



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