# Masthead for the R&D Tax Incentive program of the Department of Industry, Science and ResourcesR&D Tax Incentive at a glance

The Research and Development Tax Incentive (R&DTI) encourages business to invest in R&D that benefits companies and the broader Australian economy.

## **Incentivising investment in R&D**

The R&DTI is an incentive program that supports your company to invest more in eligible R&D activities.

If your R&D activities meet the program criteria, you may be eligible for a tax offset that covers some of the costs of your R&D.

The R&DTI can also support collaboration with registered [Research Service Providers (RSPs)](https://business.gov.au/grants-and-programs/research-and-development-tax-incentive/getting-help-from-a-research-service-provider).

## **Who should apply for the R&DTI?**

You should take a closer look at the R&DTI if your company:

* is incorporated under Australian or a foreign law
* conducts or plans to conduct one or more eligible core R&D activities
* has eligible R&D expenditure greater than $20,000 (if your expenditure is less than $20,000 you can still claim the tax offset by using a registered RSP to conduct your R&D).

## **R&DTI tax offset benefits**

Different benefits apply according to company turnover.

Companies with an aggregated turnover of less than $20 million may receive a refundable R&D offset rate equal to their corporate tax rate plus an 18.5% premium.

Companies with an aggregated turnover of $20 million or more may receive a non-refundable R&D tax offset rate equal to their corporate tax rate plus an incremental premium.

Premium increments are based on the intensity of your R&D expenditure as a proportion of total expenditure for the year. There are two premium increments:

* R&D intensity up to 2% receives a tax offset equal to the company tax rate plus 8.5% premium
* R&D intensity above 2% receives a tax offset equal to the company tax rate plus 16.5% premium.

If eligible expenditure exceeds $150 million for an income year, the tax offset for the amount above $150 million is calculated using your company tax rate.

## **What are ‘eligible R&D activities’?**

* types of eligible activities are set out in [Section 355.25 of the Income Tax Assessment Act 1997](https://www.legislation.gov.au/Details/C2023C00094/Html/Volume_7#_Toc133853789), the law that applies to the program.
* your activities must meet all of the requirements for core and supporting R&D activities to be eligible for the program
* more information on eligibility is available in our [Guide to Interpretation](https://business.gov.au/grants-and-programs/research-and-development-tax-incentive/assess-if-your-randd-activities-are-eligible#guide-to-interpretation).

## **Eligibility – how it works**

The R&DTI is a self-assessment program. Before you register to apply, you must decide whether your R&D activities are eligible according to the legislation. You are responsible for ensuring your R&D activities meet legal requirements.

* Refer to the law when assessing whether your activities are eligible.
* Keep records to support your claim.
* We may review your application before or after registration and provide you with tailored guidance or conduct a formal examination of your claim. Find out how we monitor applications by visiting [www.business.gov.au/rdti](https://business.gov.au/grants-and-programs/research-and-development-tax-incentive/how-we-monitor-rd-tax-incentive-applications).

## **Advance and Overseas Findings**

You can get certainty about the eligibility of your activities by applying for an Advance Finding. You must apply for an Advance Overseas Finding to claim any R&D activities you conduct overseas. Find out more by visiting [www.business.gov.au/rdti](https://business.gov.au/grants-and-programs/research-and-development-tax-incentive/assess-if-your-randd-activities-are-eligible#advance-finding).

## **How to apply**

Applying for the R&DTI is an annual process.

1. Self-assess your eligibility while planning your R&D. Check your company is eligible. Check that your R&D activities are eligible.
2. Consider applying for an Overseas Finding or Advance Finding.
3. Conduct your R&D and continue to self-assess. Keep records of your R&D activities and associated expenditure.
4. Register your R&D activities. Apply to register your activities using the R&DTI application portal.
5. Claim your tax offset. To claim your tax offset you must enter your registration number into the R&D schedule of your company’s annual income tax return.

## **Information and support**

The R&DTI is jointly administered by the Department of Industry, Science and Resources and the Australian Taxation Office.

For helpful guidance on interpreting the legislation and keeping records visit [business.gov.au/rdti](https://business.gov.au/grants-and-programs/research-and-development-tax-incentive/assess-if-your-randd-activities-are-eligible) or phone 132846.

For R&D entity and expenditure information visit [ato.gov.au/rdti](https://www.ato.gov.au/Business/Research-and-development-tax-incentive/?=redirected_RDTI).