

What you need to know: R&D Tax Credit

At a glance

- A rate of 15%
- Minimum threshold of \$50,000 per year
- A broader definition, wider sector accessibility
- Refundability, subject to limitations
- Expenditure incurred in commercial production may be eligible, subject to restriction
- Accounting treatment of expenditure does not dictate eligibility
- Most businesses will be eligible
- \$120m cap on eligible expenditure – with the option of extension

Eligible Projects

It is likely projects will have R&D if they create new products, processes, improvements or efficiencies, and answer yes to the boxes below.

Does the project have:

- A scientific or technological problem
- The problem is difficult for a professional to solve
- A methodical problem solving approach
- New knowledge is created as a result

Eligible R&D expenditure

Is expenditure on activities that aim to create new knowledge or new or improved processes services or goods, and tick the preceding four boxes.



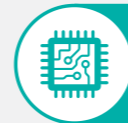
Employment costs
(Generally make up the largest part)



Depreciation on R&D assets



Subcontractor costs



Cost of materials



Overhead costs



Overseas R&D costs

Other costs may be eligible for the credit, to the extent that they are directly related to the R&D activities. Expenses incurred in commercial production may be eligible, but could be subject to restriction.

Record Keeping

Sufficient records created in real time* to support the R&D tax credit claim is required from claiming businesses.

A robust methodology is essential for identifying and recording:

- R&D activities
 - Core as well as supporting activities
- Eligible expenditure
 - Accurate collection of real time employee costs across your project base

*"real time" will be relevant to your business or industry

How we can help you

We work with you to complete the whole R&D credit process from start to finish, including:



Getting you ready

This will include a systems review to determine the best strategy, and what steps to take to bridge your current R&D recording processes, and the process required to support your tax credit claim.



Year one of the credit

We can help introduce record-keeping procedures and templates for capturing relevant information to your claim.

We can also provide ongoing support to ensure your record keeping procedures are capturing as much R&D data as possible



Support and Capability Building

We will provide support to build in-house capability, with your key technical and finance people, including:

- What R&D is and how it should be recorded;
- Identifying returns on investment through your P&L and other management tools;
- your employees through business unit or technical management buy-in.

Contact us



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