



Application Guidance

Advance and Overseas Findings

Application Guidance

About this guidance

This guidance provides an overview of how to progress through the Advance or Overseas Finding application. The guidance is divided into sections which cover individual parts of the application.

How to complete the application

Purpose of the application

The application should be used to apply for Advance Findings or Overseas Findings to determine eligibility of activities under the R&D Tax Incentive (R&DTI) program. An Advance Finding is intended to provide companies with certainty about the eligibility of their activities, prior to registration, while an Overseas Finding is a requirement before companies can claim an eligible overseas activity. An R&D entity may seek an Advance Finding for Australian activities and an Overseas Finding for overseas activities in the same application.

Accessing the application

The Application form can be accessed through the R&DTI customer portal from business.gov.au/rdti.

Applicants will be asked if they:

- are an [eligible R&D entity](#); and
- [assessed their activities and kept records](#) to demonstrate that the activities are R&D activities, as defined in the *Income Tax Assessment Act 1997* (ITAA 1997), sections 355.25 and 355.30.

Before You Start

Due date for lodgement

You must submit the application for an Advance or Overseas Finding before the end of the income year in which the activity was conducted. There is no provision under the *Industry Research and Development Act 1986* (IR&D Act) for accepting Advance or Overseas Finding applications received after the statutory deadline. Industry Innovation and Science Australia (the Board) has no discretion to accept a late application.

A Finding is NOT Registration

A finding is not the same as, nor is it a substitute for, registration. To claim the R&D Tax Incentive, the R&D entity must register its R&D activities annually with the Department of Industry, Science and Resources within 10 months of the end of the income year in which the activity was conducted. Failure to register R&D activities by the due date means the R&D entity cannot claim the R&D Tax Incentive for the activities conducted in that income year.

Registration is NOT a Finding

Registration of activities does not, by itself, mean the activities claimed in the registration are eligible core or supporting R&D activities, or indicate compliance with the requirements of the R&DTI program.

It is the responsibility of the R&D entity to [self-assess](#) the eligibility of activities it has, or intends to register for the R&D Tax Incentive, unless it has previously received a positive Advance or Overseas Finding Certificate specifically for those activities. We may examine the eligibility of some or all of the registered activities, for which an Advance or Overseas Finding Certificate has not been specifically issued.

When you apply for a Finding, we may also examine registered activities included in your application, for which findings are not being sought. Separate findings, outside the findings sought in your application, on those activities may be initiated, if necessary.

Types of Finding

This customer portal can be used to apply for Findings about eligibility of activities before those activities can be registered. Two types of Findings may be sought:

- an Advance Finding on whether activities are eligible R&D activities, as legislatively defined in the ITAA 1997
- an Overseas Finding on whether an activity conducted outside Australia meets the conditions of the legislation in the IR&D Act to be an eligible overseas activity.

An R&D entity may seek an Advance Finding for Australian activities and an Overseas Finding for activities conducted outside Australia in the same application.

What is an Advance Finding?

An Advance Finding is a finding by the Board, under [section 28A](#) of the IR&D Act, about whether an activity meets the requirements in the ITAA 1997 to be either a core R&D activity (as defined in [section 355.25](#)) or a supporting R&D activity (as defined in [section 355.30](#)). An Advance Finding is intended to provide companies with certainty that planned activities are eligible under the R&DTI program.

An Advance Finding can be sought in relation to:

- activities conducted in the current income year, whether completed or commenced in that year; and
- proposed activities to be conducted in the subsequent two income years.

What is an Overseas Finding?

An Overseas Finding is a finding by the Board under [section 28C](#) of the IR&D Act about whether certain activities conducted outside Australia, as part of an Australian R&D project, are eligible.

Claiming expenditure on an overseas activity requires two things:

- a finding that the activity is eligible, and
- that the activity is registered.

An Overseas Finding is also an Advance Finding, as described above. This is because one of the conditions, listed under [section 28D](#) of the IR&D Act, is that an overseas activity must be either a core R&D activity or a supporting R&D activity.

The remaining eligibility conditions are that:

- one or more specified, eligible core R&D activities undertaken solely in Australia or the External Territories cannot be completed without the overseas activity
- the overseas activity cannot be undertaken solely in Australia or the External Territories for one of the four reasons specified under section 28D (4) of the IR&D Act, and
- expenditure on the overseas activity must be less than the expenditure on specified, eligible Australian core R&D activities and their related Australian supporting R&D activities.

Who is eligible to apply for an Advance Finding or an Overseas Finding?

Only an [eligible R&D entity](#) can apply for an Advance Finding or Overseas Finding. You are an eligible R&D entity if you are a company that is:

- incorporated under an Australian law, or
- incorporated under foreign law but an Australian resident for income purposes; or
 - incorporated under foreign law, and
 - a resident of a country with which Australia has a [double tax agreement](#), including a definition of '[permanent establishment](#)', and

- carrying on business in Australia through a permanent establishment as defined in the double tax agreement.

You are not eligible to apply for a finding or the R&D Tax Incentive more broadly if you:

- are a corporate limited partnership, or
- are an exempt entity (because your entire income is exempt from income tax).

Trusts are generally not eligible entities. The exception is a body corporate in the capacity of trustee for a public trading trust. You should contact the Australian Taxation Office if you are unsure about whether you are an R&D entity.

Note: If you are part of a [consolidated group](#) or [multiple entry consolidated \(MEC\) group](#), only the head company of the group may apply for an Advance or Overseas Finding.

The following entities may also apply for an Advance Finding on an R&D entity's behalf:

- a [registered tax agent or an R&D consultant registered with the Tax Practitioners Board](#) and authorised to act on the R&D entity's behalf in this matter
- a [Research Service Provider](#) or a [Cooperative Research Centre](#).

If this application is completed by someone who is not an officer for the R&D entity, then the 'applicant' (e.g., a tax agent) will be different from the 'R&D entity' (e.g., the tax agent's client). The application will ask for details of both the applicant and the R&D entity.

Which activities need Findings?

Applicants may seek an advance finding for any unregistered activity to be undertaken in the current income year and the following two income years.

Applicants may seek overseas findings for each overseas activity to be undertaken in the current income year and the following two income years.

Findings may still be made on activities for which applicants are not seeking findings, and post-registration examinations may also be initiated.

The Finding process

An assessor will assess whether the information provided about the activities demonstrates that they will satisfy the eligibility requirements of the R&D Tax Incentive legislation.

Background research may be conducted to verify the information provided, and the assessor may contact you to seek clarification or further information about the activities.

Documents showing:

- self-assessment of R&D activities as eligible, and
- records of how experiments were planned, conducted and analysed

can support eligibility.

The assessor uses the information provided to make recommendations to a decision maker, i.e., either the Board or a delegated decision maker. There are four possible decisions on the activities:

- findings that the activities are eligible
- findings that the activities are ineligible
- findings that the activities partially eligible
- a refusal to make a finding.

In all instances, except refusal to make a finding, a finding certificate is provided to the applicant and copied to the Australian Taxation Office.

Where do I find more information?

Detailed information on Advance and Overseas Findings, eligibility of R&D activities and associated R&D expenditure can be found on the business.gov.au/rdti and [Australian Taxation Office](https://www.ato.gov.au/Australian_Taxation_Office) web sites.

The sections of the web site listed under the dot points below are essential reading and can be found on the business.gov.au/rdti web site:

- understanding the R&D Tax Incentive
- self-assess your eligibility
- submit an application
- integrity and compliance

Project Overview Section

About the Project Overview

The project overview provides context for the project and background information regarding how the activities fit into the R&D entity's normal operations. This will assist us to understand:

- why the project is being undertaken
- what is beyond current understanding and requires R&D to reach a solution to continue the project.

The capabilities of the R&D entity, how it identified and considered problems, sought answers, and then determined solutions are important contexts for assessing activities within a project. The duration of the project is also relevant to considering whether activities meet the requirements in the legislation.

An R&D entity may undertake several projects and a separate application is required for each project as each project's circumstances are relevant when considering the eligibility of activities. Each project should only include activities whose timing, extent, duration and relationship show they belong to the same project.

This section is arranged under three sub-sections: 'Company/project overview', 'Project activity overview' and 'Project expenditure'. The R&D entity's planning documents will assist in completing this section.

Company/project overview sub-section

Company overview

Provide a brief overview of the R&D entity (company), group company structure (if any), history, principal business and industry sector. Group company structure charts and/or company organisation charts can be attached.

ANZSIC divisions and classes and ANZSRC categories and codes

Australian and New Zealand Standard Industrial Classification (ANZSIC). Select the division code and class from the drop-down lists in the form that best describes the R&D entity's principal business activity. A full list of ANZSIC codes can be obtained from the [Australian Bureau of Statistics](#).

Australian and New Zealand Standard Research Classification (ANZSRC). Select the category and code from the drop-down lists in the form that best describes the field of research of the majority of R&D activities within the project. A full list of ANZSRC codes can be obtained from the [Australian Bureau of Statistics](#).

Project start and completion

Provide the actual duration of the full project, as a project may start before discovering any need to experiment and be completed after any eligible activities have concluded.

Project overview

The overview should cover the project's objectives, the challenges that need to be overcome, the R&D entity's resources used in the project, how the project is undertaken in the R&D entity's normal business operations, and whether any goods or services are expected to be produced during the project. The description should include enough details for us to understand the circumstances in which the project is conducted.

Project purposes and additional resources needed

Briefly describe the technical and commercial reasons for undertaking the project, the outcomes (such as new knowledge; methods/protocols, goods/services produced, contracts/reports, plans/designs, or regulatory approvals) and the resources needed for the project which the R&D entity cannot provide itself. The description should include enough details for us to identify the purposes for conducting the project.

Areas of uncertainty in the project requiring experimentation

Provide an outline of the scientific or technical challenges that need experimentation to overcome the problems in the project. Describe briefly the search you have

undertaken to achieve your outcome and how it was decided that the outcome can only be determined by applying a systematic progression of work. The description should include enough details so that we can understand the areas of uncertainty in the project.

Expert opinion

Briefly describe, including references to relevant industry publications, why the outcome of an experimental activity could not be known or determined in advance by a competent professional in the relevant research field on the basis of current knowledge, or the experience of and information available to persons in the research field.

Documents related to expert opinion and/or studies can be attached under the 'Finalise Application' tab. While this information is best sourced externally, an expert opinion may also be provided by a person from within the R&D entity, provided that they have the necessary qualification, knowledge and experience in the industry.

Evidence of intent to conduct and register eligible activities

Briefly describe the details and preparations for conducting the activities, whether the activities were [self-assessed](#) for registration and any previous registrations or findings.

Describe the documents you have kept on planning activities

Identify what documentary evidence is available, for example, project plans, tender or recruitment documents, contracts, purchase or hiring approval documents, experimental protocols, activity self-assessment records, and relevant emails, correspondence and meeting records.

Describe the documents you will keep on conducting activities

Please describe the type of documents that will be kept to record the details of the project. These records should include details of the experiments to be performed, including the reasons for undertaking the experiment, the results of the experiments and the conclusions drawn.

Project activity overview sub-section

Company(ies) performing the activities

Selecting who will be performing the activities will open other relevant fields later in the form. Select the appropriate option covering "Others", if subsidiaries of the R&D entity or other companies within the consolidated group undertake activities on behalf of the R&D entity.

Personnel

Personnel details will assist to demonstrate the capability of the R&D entity to undertake the project. Typically, this list should only include leading and key project personnel, such as the Project Manager, Research Director, Principal Investigators,

Lead Technicians and External Experts. The form is limited to 10 key personnel. If space is insufficient, details of additional personnel can be attached under the 'Finalise Application' section later in the form.

Project Expenditure sub-section

The total project expenditure will assist us in understanding the size and scope of the entire project. The R&D expenditure information provided for the current income year and income years 2 and 3, if applicable, will relate to the actual and reasonably anticipated expenditure on activities to be conducted in the project.

Further guidance for the program can be found at business.gov.au/rdti.

R&D Activities Section

The information you provide about R&D activities listed under this section must address the eligibility conditions. If it does not, your finding will be delayed, and may either be negative or may be refused.

Please read all questions listed under the R&D Activities section in the form carefully before commencing your response. The questions are seeking information about different aspects of the legislative criteria that are considered when your activities are assessed. Repeated text in answer to various questions may not adequately support eligibility of your claimed activities.

R&D Governance – Record keeping

Keeping adequate records will assist you in completing your application and demonstrate that your R&D activities and expenditure meet the legislative requirements of the program. Activities without evidence to substantiate eligibility are not eligible. Records may include a range of documents, for example experimental design plans and project reports.

Failure to provide adequate records, if requested, may mean you cannot claim the R&D Tax Incentive, or need to repay the R&D Tax Incentive if it has already been claimed.

More information about records that you must keep is available from business.gov.au/rdti.

Expenditure

The Australian Taxation Office has rules about how expenditure related to R&D activities is treated. You must ensure that expenditure provided in the application is eligible under the R&D Tax Incentive and does not include ineligible amounts.

Queries about eligible and ineligible expenditure should be directed to the [Australian Taxation Office](#).

Applications for Advance and Overseas Findings are lodged in advance of conducting or completing the Australian and overseas activities and expenditure is unlikely to be exactly known. Expenditure reported should be the total actual and reasonably anticipated expenditure on the relevant R&D activities.

The requirement for 'Eligible Expenditure' related to an Overseas Finding is broader. The relevant expenditure amounts are the total actual and reasonably anticipated expenditure of any entity, on the entire activity, in all income years, of the relevant R&D activities.

R&D activities that have been aggregated or grouped with activities undertaken overseas will have the entire aggregated expenditure treated as overseas expenditure.

Expenditure on project activities that do not qualify as eligible R&D activities should not be included.

Structure of the R&D activities section

The R&D Activities section has two sub-sections: 'Experimental Activit(ies)' and 'Supporting Activities'.

An experimental activity may contain a number of interrelated experiments or a single experiment may be related to a number of experimental activities. The form allows supporting R&D activities, described under the 'Supporting Activities' sub-section, to be identified with the 'Experimental Activities' they are directly related to.

The 'Experimental Activities' sub-section is used for activities that you have assessed as meeting the requirements to be a core R&D activity. The sub-section provides spaces to describe what has been done in the activity and how it meets the legislative requirements to be a core R&D activity.

The 'Supporting Activities' sub-section is used for activities that you have assessed as meeting the requirements to be a supporting R&D activity. The sub-section provides spaces to describe what has been done in the activity and how the activity meets the requirements to be a supporting R&D activity.

Additional questions will appear on the 'Experimental Activities' and 'Supporting Activities' sub-sections if an application is being made for an Overseas Finding. These questions allow you to explain how the conditions for overseas activities are met and which Australian activities are relevant.

About R&D Activities

The R&D Tax Incentive provides tax benefits for expenditure on eligible R&D activities, categorised as core R&D activities and supporting R&D activities.

A core R&D activity covers all aspects of the design: set-up and conduct of an experiment, observation and evaluation of the results and drawing logical conclusions.

Activities initiated with the intention to support an experimental activity, and which are directly associated with the planning, carrying out, or completion of a core R&D

activity are likely to be supporting R&D activities. An activity cannot be a supporting R&D activity without a related core R&D activity.

Eligibility is dependent on individual activities meeting the requirements set out in sections [355-20](#), [355-25](#), and [355-30](#) of the ITAA 1997. Not all activities are likely to meet these requirements. This means R&D activities need to be clearly distinguished from other projects, business or operational activities that are not eligible. Activities need to be clearly described so that an independent reader can understand why and how they were conducted.

It is not necessary for the core R&D activity to be undertaken in the same year as the supporting R&D activity. However, you must be able to provide contemporaneous evidence about when the core R&D activity has, or will, be undertaken.

Which activities need Findings

You may seek an Advance Finding for any unregistered activity to be undertaken in the current income year and the following two income years. Applications may include previously registered activities that are not subject to advance findings. However, these activities are still formally assessed unless covered by earlier findings.

Advance Findings only bind the Commissioner of Taxation for the income year in which the application is lodged and for the following two income years. Activities commencing within this three-year period are only covered until the finding period expires.

If activities extend beyond this period, or are commenced after the period expires, a further advance finding application is required if you want if the activities to be covered by a finding. You should, therefore, carefully consider the timelines for activities to be included in the application.

You may seek Overseas Findings for each overseas activity to be undertaken in the current income year and the following two income years. Overseas Findings for activities undertaken as described in a finding certificate are in force from the income year in which the application for finding is made and are valid for the duration of the overseas activity.

You may request not to have findings on your Australian activities. However, these activities are still formally assessed if the overseas activities have a significant scientific link to the Australian activities (see the information on overseas activities below). Findings may still be made on activities for which you are not seeking findings and post-registration assessments may also be initiated.

Aggregated activities that clearly contain discrete packages of work needing separate findings may be disaggregated during the assessment process and the findings listed separately in a findings certificate.

Core R&D activities

[Core R&D activities](#), under the R&D Tax Incentive, are activities that involve experiments. An activity will not qualify as a core R&D activity simply because it is essential to the conduct of a project.

Core R&D activities are experimental activities:

- (a) whose outcome cannot be known or determined in advance on the basis of current knowledge, information or experience, but can only be determined by applying a systematic progression of work that:
 - i. is based upon principles of established science; and
 - ii. proceeds from hypothesis to experiment, observation and evaluation, and leads to logical conclusions; and
- (b) that are conducted for the purpose of generating new knowledge (including new knowledge in the form of new or improved materials, products, devices, processes or services).

[Certain activities are excluded](#) from being core R&D activities under section 355-25(2) of the ITAA 1997.

Supporting activities

[Supporting R&D activities](#) are activities initiated and principally conducted, with the deliberate aim of directly supporting a core R&D activity where the need for an experiment has previously been identified.

An activity may be a supporting R&D activity if:

- (1) it is directly related to at least one core R&D activity (it makes a direct contribution to the design, setup, conduct, observation, evaluation, drawing logical conclusions and completion of an experiment in a core R&D activity) and
- (2) the dominant (or sole) purpose of undertaking the activity is to support a core R&D activity if the activity:
 - (a) is [excluded under section 355-25\(2\)](#) of the ITAA 1997, or
 - (b) produces goods or services, or
 - (c) is directly related to producing, goods or services.

A direct relationship will not arise simply because an activity takes place nearby or near in time to a core R&D activity, or that the activity is otherwise an essential part of the project.

An activity is not precluded from qualifying as a supporting R&D activity because it serves a commercial objective, in addition to being directly related to core R&D activities. Activities conducted in a production environment (which can range from one-off events to mass production of goods or services), may be eligible where the dominant purpose for undertaking the activity is to support the core R&D activity.

An activity undertaken as part of production or business operations will not qualify as an eligible supporting R&D activity solely because a core R&D activity is undertaken during those operations. Similarly, an activity conducted as part of a project will not qualify as an eligible supporting R&D activity solely because a core R&D activity is undertaken later in the project.

Activities that are [excluded from being core R&D activities](#) must be undertaken for the dominant purpose of supporting a core R&D activity to be eligible as supporting R&D activities.

Dominant purpose means that your prevailing or most influential purpose for conducting your activity was to support a core R&D activity.

Overseas activities

The following guidance is only applicable if you answer 'Yes' to the question "Are you seeking an advance finding for overseas activities?" under the 'Before you start' tab.

Overseas activities can be either [core R&D activities](#) or [supporting R&D activities](#), and are subject to the same eligibility criteria, previously described.

Overseas activities must also meet the eligibility conditions specified under [section 28D](#) of the IR&D Act, summarised below:

- a) the overseas activity must be an [R&D activity](#)
- b) the overseas activity must be conducted in order to complete at least one Australian core R&D activity, i.e., a core R&D activity which is undertaken 'solely' in Australia
- c) the overseas activity cannot be conducted 'solely' in Australia because:
 - i it requires access to a facility, expertise or equipment not available in Australia
 - ii its conduct in Australia would contravene a law relating to quarantine
 - iii it requires access to a population (of living things) not available in Australia
 - iv it requires access to a geographical or geological feature not available in Australia
- d) the total expenditure (by any entity in any income year) on the relevant overseas activities is less than the total expenditure on the related Australian core activity and its supporting activities conducted wholly in Australia.

The conditions listed above are 'not' met simply because it is less expensive to conduct the activity overseas, or because the overseas expertise, facilities, equipment, population or geographical or geological features are better than the Australian equivalent.

Determining whether an activity is an Australian or overseas activity is based purely on the location in which the activity takes place. This will normally be the location of the personnel undertaking the activity at the time it is performed - regardless of where they are usually employed or where invoices are generated, received and paid.

An eligible R&D activity may be undertaken solely in Australia, solely overseas or partly in Australia and partly overseas. Activities that are aggregated from Australian and

overseas parts (in order to qualify as R&D activities), and integrated activities that are undertaken both in Australia and overseas are 'not' activities undertaken 'solely in Australia' and are therefore deemed to be overseas activities.

An overseas activity must be related (significant scientific link) to at least one core R&D activity undertaken 'solely' in Australia which cannot be completed without conducting the overseas activity. An overseas activity undertaken after its intrinsically linked Australian core R&D activity has finished will not be eligible because the Australian core activity was (or can be) completed without the overseas activity being conducted.

An overseas activity does not complete an Australian core activity simply by being the next activity in a multi-stage experimental activity or ongoing series of activities, or by advancing an earlier project to the next stage.

It is important to note that:

- a) the relevant activity undertaken in Australia does not rely on being aggregated with an overseas activity to qualify as a core R&D activity
- b) the Australian core activity is a discrete activity and not a project
- c) the overseas activity completes every activity claimed as a related Australian core activity
- d) the overseas activity is undertaken before the related Australian activity is completed.

Eligibility conditions for overseas activities governed by expenditure

Eligibility conditions for overseas activities governed by expenditure are specified in [section 28D \(5\)](#) of the IR&D Act.

The total actual and reasonably anticipated expenditure for all overseas activities (by any entity in any income year) must be less than the total actual and reasonably anticipated expenditure for the related Australian R&D activities.

If expenditure on the overseas activities is anticipated to be more than the related Australian activities, then none of the overseas activities will be eligible. This cannot be remedied by claiming only a proportion of the overseas expenditure or by including Australian expenditure for the project not incurred on eligible R&D activities.

The amounts used in comparing the overseas and Australian expenditures are:

- a) overseas expenditure—expenditure on all activities undertaken solely overseas, plus all the expenditure, both Australian and overseas, for activities that are not undertaken 'solely in Australia'
- b) Australian expenditure—only expenditure on relevant activities undertaken 'solely in Australia'.

All overseas activities and their related Australian core and supporting R&D activities, whether undertaken currently or in the past, and all reasonably anticipated future R&D activities for the project must be included in expenditure comparison

calculations. This applies regardless of whether the activities are being undertaken, were being undertaken or are planned to be undertaken by another entity.

Changes to activities

Findings only relate to activities as specifically described in the application. If the activity conducted is different from that described in the findings certificate, the finding will not apply to the activity conducted, regardless of whether it is an R&D activity.

Changing an activity to a different activity requires an additional advance/overseas finding application, which must be submitted before the end of the income year in which the activity is undertaken.

Note: It is not possible to change either an Australian or overseas activity to a different activity after the end of the income year in which the application was made.

Experimental Activities section

This sub-section allows you to present the experimental activities that you have self-assessed as meeting the requirements to be core R&D activities.

You should:

- ensure that what has been done or is planned to be done within an experimental activity is accurately and clearly described
- describe experimental activities exactly as they are intended to be undertaken.

A positive finding would then provide you with the certainty you are seeking.

Which experimental activities need to be included in the application?

You should include Australian and/or overseas experimental activities that require a finding, or that need to be assessed as either core R&D activities or Australian core activities. Care should be taken to ensure that each Australian core activity is conducted solely in Australia.

Your application should also include any other activities that are necessary to determine the eligibility of activities for which a finding is being sought. For example, related experimental activities conducted or registered prior to the current income year.

For overseas activities, you also need to include:

- any relevant overseas activities that have previously received findings (including updated expenditure)
- any future activities that are known or reasonably anticipated to be next in the progression of the project
- the Australian core activities and their supporting R&D activities that are conducted solely in Australia.

Describing the experimental activity

Describe the activity so that an independent reader, who has knowledge of the field but no knowledge of the activities, could understand the essentials of what has been done, or will be done.

Describe the experiments so that a knowledgeable reader could understand how the experiment works, the scientific or technological idea being tested and be able to determine whether the uncertainty in the outcome is more than just not knowing the value of a result before the test is conducted.

The activity title may be used simply as a unique identifier for the activity, but preferably should provide an indication of what the activity involves.

The activity description should set out the essential parts or steps of the experimental activity so that it is clear how the experiment is being set-up and run, what it is being observed, how it is evaluated and what logical conclusions are expected to be drawn.

The activity description must explain how the specific experimental activity is eligible, by establishing:

- the experimental methods, tests and procedures to be used and how they differ from similar procedures undertaken during ordinary business activities
- the nature of the scientific or technical problem and the idea (hypothesis) about why something might solve the problem
- that there is more involved than just collecting data, obtaining a value from a test subject or determining whether something works or not
- that the approach used provides confidence that the outcomes of the experiment—the evaluation and conclusions about the idea being tested—are sound, and
- why the outcomes of the experiments are not able to be known in advance.

If an established industry development process or a standard scientific or technical approach is used, it can be briefly outlined. Providing information that explains the scope, scale and duration of an experimental activity undertaken in a production environment can help clarify how it differs from normal production activities that are not eligible.

Eligibility to claim the R&D Tax Incentive is determined on an activity basis rather than on a project basis. It is, therefore, not sufficient to limit the activity description to:

- the outcomes of the project as a whole
- the project and its relationship to the company's commercial strategy and objectives
- the features of the product or service being developed
- the company's or the industry's general approach to product development.

You may decide to group a series of related experiments or aggregate similar experimental activities into a single activity. Grouping experiments may help you clearly communicate to an independent reader how the experimental activities fit together and meet all of the elements required for a core R&D activity.

However, care should be taken to not group:

- entire projects as a single activity
- activities which are too diverse
- potential core R&D activities with potential supporting R&D activities
- ineligible activities with eligible activities.

In some circumstances, disaggregating a large experimental activity can simplify the description of the activity and avoid forecasting too far into the future. You should, therefore, carefully consider the size and duration of experimental activities and whether a large activity might be better described if disaggregated into a number of discrete, successive activities.

Be careful not to separate experimental activities too widely, as this may result in disrupting or breaking the systematic progression of work, which is necessary to demonstrate the eligibility of core R&D activities.

For Overseas Finding applications, do not:

- use identical descriptions for overseas and Australian activities without clearly distinguishing their differences. Note: Expenditure incurred on an activity conducted partly in Australia and partly overseas is treated as being incurred wholly overseas
- group an earlier project, or series of activities, as a single Australian core activity where there is not a significant scientific link from the overseas activity to each of those activities.

Duration and timing of experimental activities

The duration of the described experimental activities should reflect the actual extent of a discrete experimental activity or a logically grouped set of experimental activities.

The income years in which the experimental activity was or will be conducted should be provided if this is longer than the three-year period starting with the current income year. You should carefully consider whether a long, multi-year experimental activity is actually a project or an ongoing series of activities, rather than a distinct experimental activity.

For Overseas Finding applications, you must include the full duration for all overseas activities. This is because the total actual and reasonably anticipated expenditure of any entity on the entire activity, across all income years, is required in applications for Overseas Findings.

Expenditure notes

Applicants should ensure that the expenditure amounts provided are for R&D activities only and do not include ineligible amounts.

The expenditure amount to be reported should be the total actual and reasonably anticipated expenditure on the relevant R&D activities.

You should provide actual amounts for each of the previous income years and actual and/or reasonably anticipated expenditure for the current and any future income years for the activity.

For Overseas Finding applications, you must provide the total actual and reasonably anticipated expenditure of any entity, on the entire activity, across all income years for all relevant R&D activities.

Expenditure for an Australian core activity should only be included if the activity is undertaken solely in Australia and the External Territories.

Expenditure for overseas activities, including R&D activities undertaken wholly or partly outside Australia and the External Territories, must be reported as an overseas expenditure.

Supporting Activity(ies) sub-section

This sub-section allows you to present the activities that you have [self-assessed](#) as meeting the requirements to be supporting R&D activities.

It is important to accurately and clearly describe what has been done or is planned to be done, within an activity that directly supports an experimental activity. Findings cannot be given for unclear or vaguely described activities. A finding about an activity will only have effect to the extent that the activity is registered and undertaken as described in the application.

It is not possible to change the description for an overseas activity after the end of the income year in which the application is lodged. This means the actual activity undertaken will not be eligible if it differs from the activity described in the finding.

Which supporting activities need to be included in the application?

Activities that require a finding or need to be assessed as supporting R&D activities to either Australian core activities or overseas core R&D activities need to be included. Activities conducted or registered prior to the current income year should be included if needed to support eligibility of the activities for which a finding is being sought.

For Advance Findings, you should include Australian activities that have not yet been registered. However, it may be necessary to include previously registered activities if, for example, an activity is a supporting R&D activity directly related to a core R&D activity for which the finding is being sought.

For Advance and Overseas Findings, you must include all activities undertaken overseas, either wholly or in part. Applications also need to include any other activities which may be relevant in determining the eligibility of an activity for which a finding is being sought.

You cannot claim only some of the overseas activities if it is known or reasonably anticipated that the expenditure on activities conducted wholly or partly outside Australia is more than the expenditure on activities conducted solely in Australia.

In addition to the overseas activities for which findings are being sought, you will need to include:

- any relevant overseas supporting R&D activities which have previously been registered or received findings (with updated expenditures)
- any future activities, which will directly support experimental activities, that are known or reasonably anticipated to be next in the progression of the project
- all supporting R&D activities that were, or will be, conducted solely in Australia in order to directly support the Australian core R&D activity.

Describing the supporting activity

An activity should be described so that an independent reader, who has knowledge of the field but no knowledge of the activities, can understand the essentials of what has been done, or will be done.

The activity title may be used simply as a unique identifier for the activity, but preferably should provide an indication of what the activity involves.

The activity description establishes what is being undertaken and must be capable of demonstrating how the activity 'directly' supports a specific experimental activity.

The activity description should identify both the specific experimental activities being supported and which part(s) of the experimental activity it supports, i.e., the set-up and running, observation, evaluation or drawing of logical conclusions. The scope, scale and duration of the activity should be outlined to show how it provides direct support, specifically for the experimental activity.

Eligibility to claim the R&D Tax Incentive is determined on an activity basis and not on a project basis. It is, therefore, not sufficient to limit the activity description to:

- how the activity is needed to support the project
- relationships to the project objectives
- the Company's approach to managing the project.

You should consider the size and duration of the supporting activities and whether a large activity should be disaggregated into discrete, successive activities.

If seeking an Overseas Finding, do not use identical descriptions for overseas and Australian activities without clearly distinguishing their differences. Note: Expenditure incurred on an activity conducted partly in Australia and partly overseas is treated as being incurred wholly overseas.

How the activity directly supports the experimental activities

An activity must have a direct relationship to a core R&D activity before it can qualify as a supporting R&D activity. The relationship to an experiment should be described in terms of how the activity supports at least one of the various elements of an experiment in a core activity, i.e. set-up and running, observation, evaluation and drawing logical conclusions.

An activity may still qualify as a supporting R&D activity even though it also serves a commercial objective and produces goods and services. In this situation, the dominant purpose of the activity needs to be established. If there is more than one purpose for conducting the activity, all purposes including their relevance to the technical and commercial objectives of the project need to be described.

A supporting R&D activity needs to have been initiated and conducted with the deliberate aim to support a specific experimental activity. The context in which an activity is initiated and undertaken is therefore relevant in determining whether it is directly related and has the dominant purpose of supporting a core R&D activity.

Supporting activities that are undertaken as a part of ordinary business operations, during production or during development of a customised product, should be carefully considered and adequately explained to ensure that:

- it is clear which parts of the activity directly support a core R&D activity, including how support is provided
- the dominant purpose for undertaking the activity is to support the core R&D activity
- the scope, scale and duration of the activity are clearly identified.

Explaining the scope, scale and duration of a supporting activity can help to demonstrate how it was initiated with a specific experiment in mind and was conducted in proportion to the needs of the experimental activity that it supports.

What does the activity produce?

Please describe what the activity produces to support an experiment or group of experiments, in an experimental activity, including how the outputs from the activity are directly used in the experiment(s).

If an activity also serves a commercial purpose, any other major outcomes of the activity that are beyond its support for an experiment in an experimental activity should be identified and described in the application. If the supporting activity is undertaken as a part of ordinary business operations, during normal production or during developing a customised product, then the major outputs produced by the activity should be identified and described in the application.

Duration and timing of supporting activities

The duration of a supporting activity should reflect the actual extent that the activity was directly related to a core R&D activity. For example, where the activity also supports commercial activities, the duration should only be limited to the period in which the experimental activity was being supported.

The income years in which the activity was or will be conducted should be provided if this is longer than the three-year period starting with the current income year. You should consider whether a long or multi-year activity or an ongoing series of activities, is actually a project rather than a distinct support activity. If it is, only those discrete

parts of the activity that directly support an experimental activity should be included in the application.

Also consider whether an ongoing or frequently repeated activity is more closely related to, or undertaken to support, ordinary business operations.

If seeking an Overseas Finding, you must include all overseas activities for the full duration of the project, because of the requirement to include activity expenditure from all income years.

Expenditure notes

Applicants should ensure that the expenditure amounts provided are for R&D activities only and do not include ineligible amounts.

The expenditure amount to be reported should be the total actual and reasonably anticipated expenditure on the relevant R&D activities.

You should provide the actual amounts for each of the previous income years and actual and/or reasonably anticipated expenditure for the current and any future income years for the activity.

If seeking an Overseas Finding, you need to provide the total actual and reasonably anticipated expenditure of any entity, on the entire activity, across all income years for all relevant R&D activities.

Expenditure for an Australian core activity should only be that which is undertaken solely in Australia and the External Territories.

Expenditure for overseas activities, including R&D activities undertaken wholly or partly outside Australia and the External Territories must be reported as overseas expenditure.

Further guidance for the program is available on our website at business.gov.au/rdti.

Applicant Details Section

About the applicant

The person who makes the declaration on the final page is considered the applicant. The applicant is not always an officer of the R&D entity to whom the application refers.

The applicant who completes the form may also be:

- a registered tax agent or R&D consultant registered with the Tax Practitioners Board acting with the R&D entity's consent
- an officer of a [Research Service Provider](#) (RSP) or
- an officer of a [Cooperative Research Centre](#) (CRC) or an entity that makes up a CRC.

Company details sub-section

Subsidiary members of a consolidated company group, or [Multiple Entry Consolidated \(MEC\)](#) company group, cannot apply for findings. The head company of a consolidated or MEC group must apply for findings on behalf of the entire group. Any findings made on an application by a subsidiary will have no effect while the company is a subsidiary member of the group. Refer to sections [31](#), [31A](#) and [31B](#) of the IR&D Act.

Company address and facilities sub-section

Details about plants and facilities will assist in demonstrating the R&D entity's capability and capacity to undertake the project. You should explain how the particular plant or facility will be used in the conduct of R&D activities.

Company turnover and employment sub-section

This information is required for the R&D entity. If the actual value is unavailable, please provide an estimate.

Taxable income or loss is the R&D entity's taxable income or loss for the most recent completed income year. Losses should be shown as negative figures.

Turnover is defined as the total aggregated turnover of the R&D entity in the most recent completed income year.

Total number of employees is the total number of employees on the R&D entity's payroll at the most recent pay period including working directors, partners, proprietors, full time, part time, and casual staff.

The number of employees engaged in R&D (person years) is the full time equivalent (FTE) number of staff (including working directors, partners, proprietors, full time, part time, and casual staff) that you expect to be working for the R&D entity on research and development in the period covered by this application.

For employees that do not work full time, calculate their fraction of a full-time load and incorporate them into your calculation on a pro-rata basis. For example, a part-time employee that works half the hours of a full-time employee, their fraction would be entered into the calculation as 0.5 for each year covered by the application. If the application covers three years, then this person would be entered as 1.5.

Finalise Application Section

Supporting Documentation

Please ensure you have uploaded any additional documentation or evidence you would like to provide that may further support your finding application.

For assistance with any technical issues experienced while completing this application form or attaching documents, please [contact us](#) or view our [customer portal help and support on business.gov.au](#). Our website and staff can help you.

Declaration and acknowledgement sub-section

The declaration must be made by a person authorised by the R&D entity as follows.

I declare that I am authorised by the R&D Company to provide the information in the application and sign it on behalf of the Company.

I declare that I am one of the following:

- an officer of the R&D Company with authority to complete this application
- a registered tax agent (note this includes an R&D consultant registered with the Tax Practitioners Board) that has written authorisation to act on the R&D Company's behalf in this matter
- an officer of a Registered Service Provider or a Cooperative Research Centre or an entity that makes up a Cooperative Research Centre with written authority to apply for a finding on a R&D Company's behalf.

I declare that:

- to the best of my knowledge and belief the information in this application is true and correct and accurate in all material details, and that the activities and corresponding expenditure described in this application meet all prescribed eligibility requirements for the R&D Tax Incentive. I understand that giving false or misleading information is a serious offence; and
- I may be required to provide further information in support of this application.

By checking the check boxes under this section, you acknowledge that Australian Government entities will securely share data to improve efficiencies and inform policy development and decision-making. In doing so, Australian Government entities will uphold the highest standards of security and privacy for the individual, national security and commercial confidentiality. For more information on the Australian Government's Public Data Policy and the commitment to use Public Data to help grow the economy, stimulate innovation and improve service delivery across Government, please visit data.gov.au

Nominated contact sub-section

The nominated contact is the person authorised (as described above) to provide any further information, and to receive correspondence, in relation to this application on behalf of the R&D entity.

Information and support

For guidance on interpreting the legislation and keeping records, visit business.gov.au/rdti or phone 13 28 46.

For R&D entity and expenditure information, visit ato.gov.au/rdti.

This guidance was last updated on 5 May 2023.