

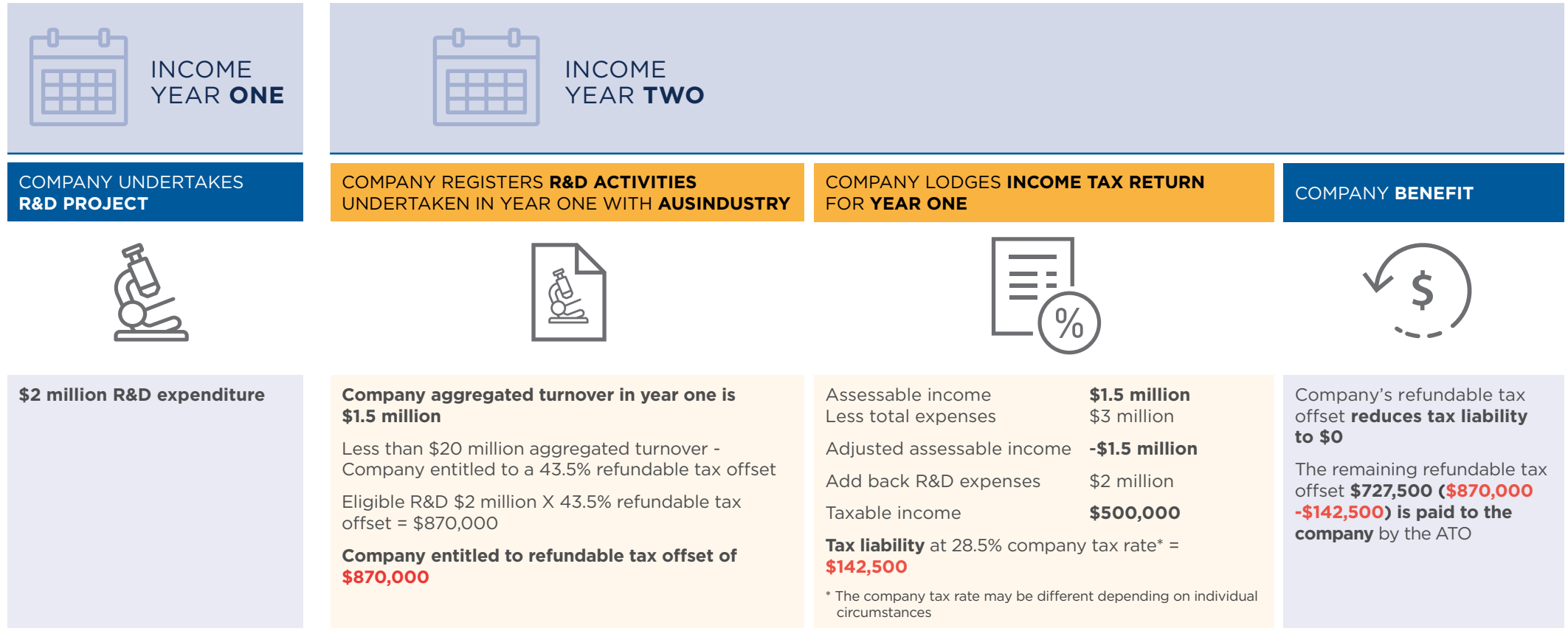
EXAMPLE ONE (A)



BIOTECH COMPANY

- less than \$100 million R&D expenditure
- less than \$2 million aggregated turnover
- tax liability position

REFUNDABLE TAX OFFSET



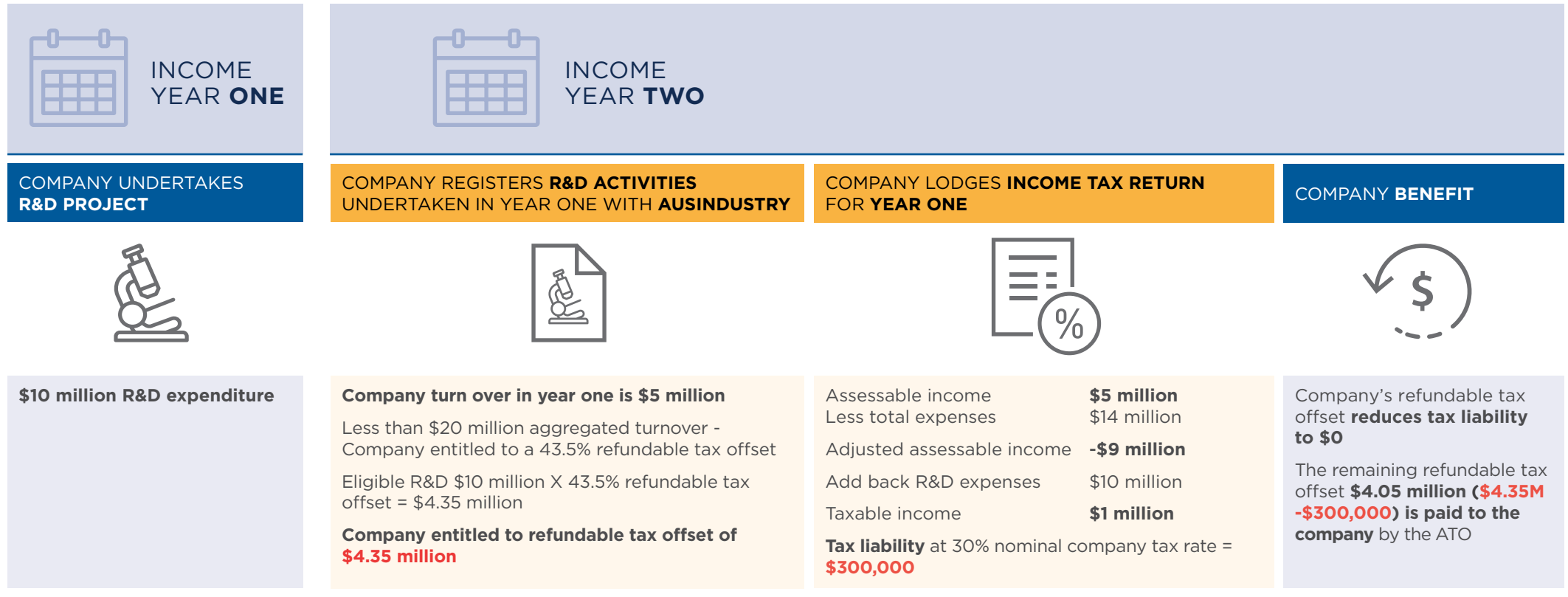
EXAMPLE ONE (B)



**BIOTECH
COMPANY**

- less than \$100 million R&D expenditure
- less than \$20 million aggregated turnover
- tax liability position

REFUNDABLE TAX OFFSET



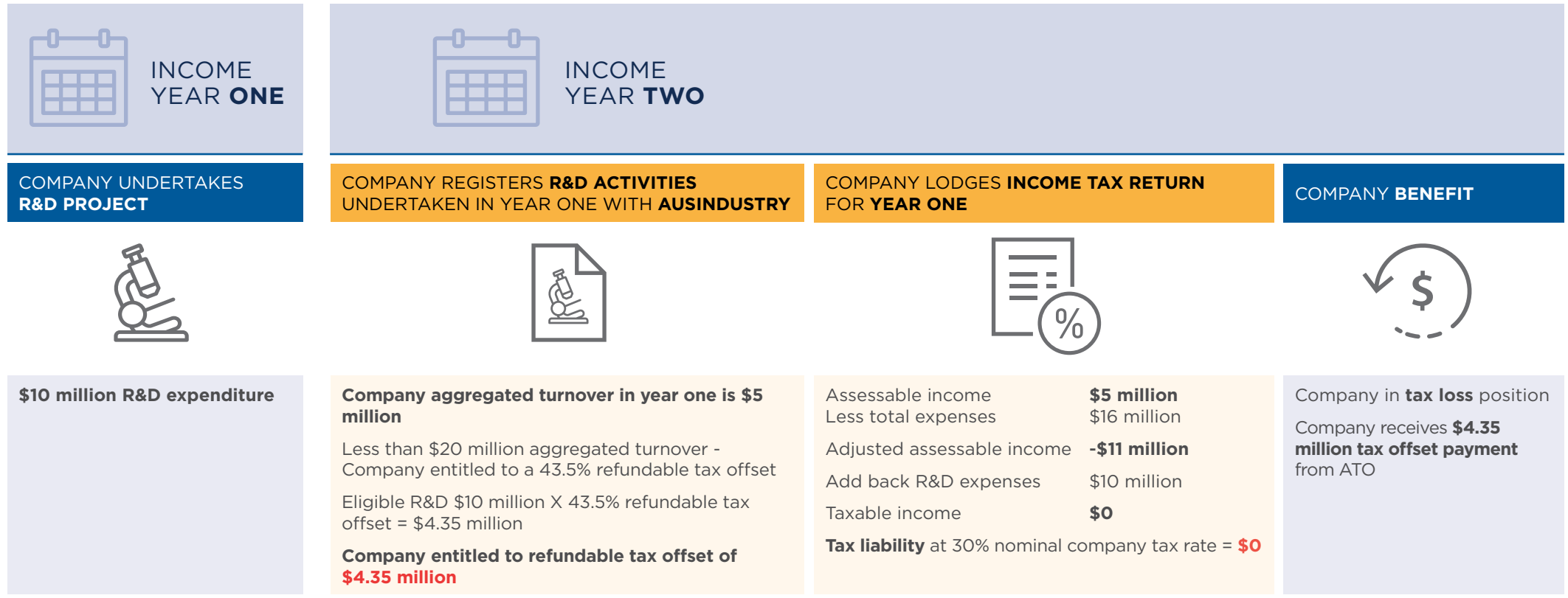
EXAMPLE TWO



**BIOTECH
COMPANY**

- less than \$100 million R&D expenditure
- less than \$20 million aggregated turnover
- tax loss position

REFUNDABLE TAX OFFSET



EXAMPLE THREE



MANUFACTURING COMPANY

- less than \$100 million R&D expenditure
- more than \$20 million aggregated turnover
- tax liability position

**NON-REFUNDABLE TAX OFFSET
REDUCED TAX LIABILITY**



INCOME
YEAR **ONE**



INCOME
YEAR **TWO**

COMPANY UNDERTAKES
R&D PROJECT

COMPANY REGISTERS **R&D ACTIVITIES**
UNDERTAKEN IN YEAR ONE WITH **AUSINDUSTRY**

COMPANY LODGES **INCOME TAX RETURN**
FOR **YEAR ONE**

COMPANY **BENEFIT**



\$10 million R&D expenditure

Company aggregated turnover in year one is \$50 million

More than \$20 million aggregated turnover -
Company entitled to a 38.5% non-refundable tax
offset

Eligible R&D \$10 million at 38.5%
non-refundable tax offset = \$3.85 million

**Company entitled to non-refundable tax offset
of \$3.85 million**

Assessable income	\$50 million
Less total expenses	\$40 million
Adjusted assessable income	\$10 million
Add back R&D expenses	\$10 million
Taxable income	\$20 million

Tax liability at 30% nominal company tax rate =
\$6 million

Company's **tax liability**
reduced to \$2.15 million
(\$6M - \$3.85M)

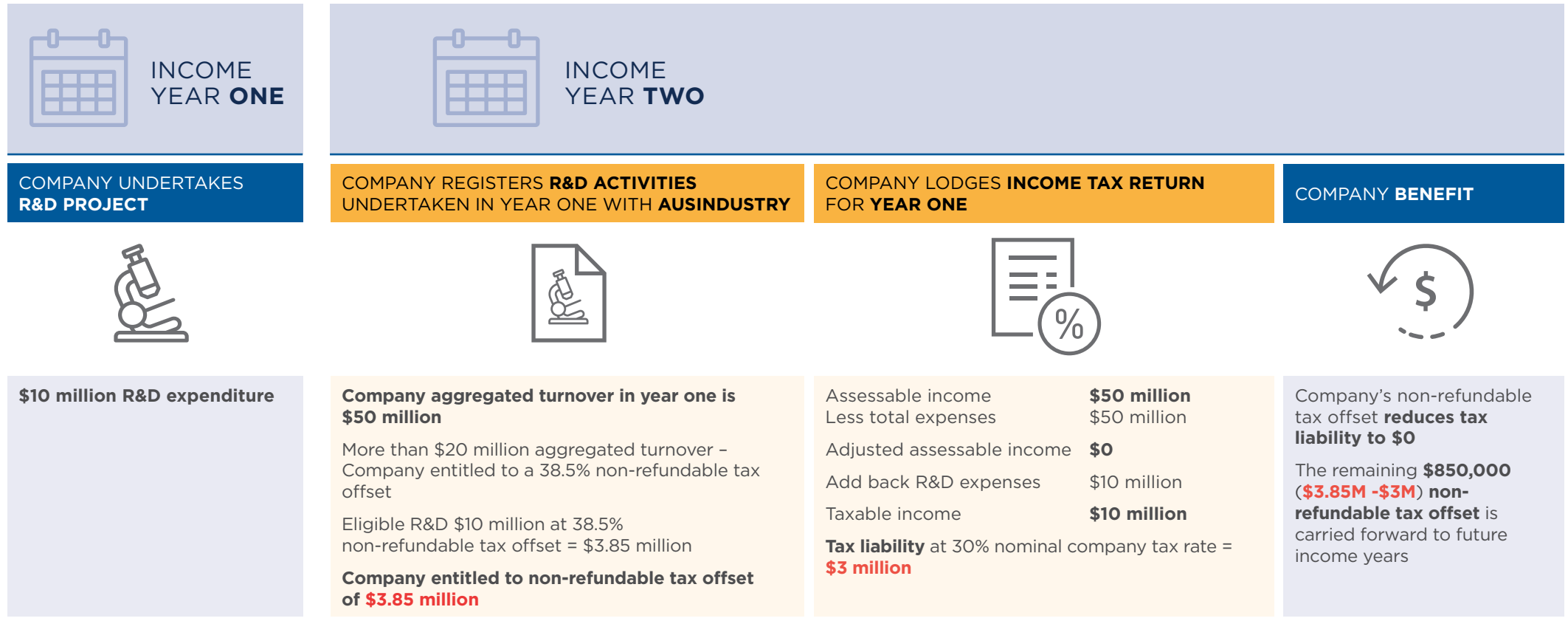
EXAMPLE FOUR



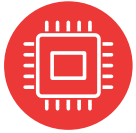
AGRI-BUSINESS COMPANY

- less than \$100 million R&D expenditure
- more than \$20 million aggregated turnover
- tax liability position

**NON-REFUNDABLE TAX OFFSET
CARRIED FORWARD**



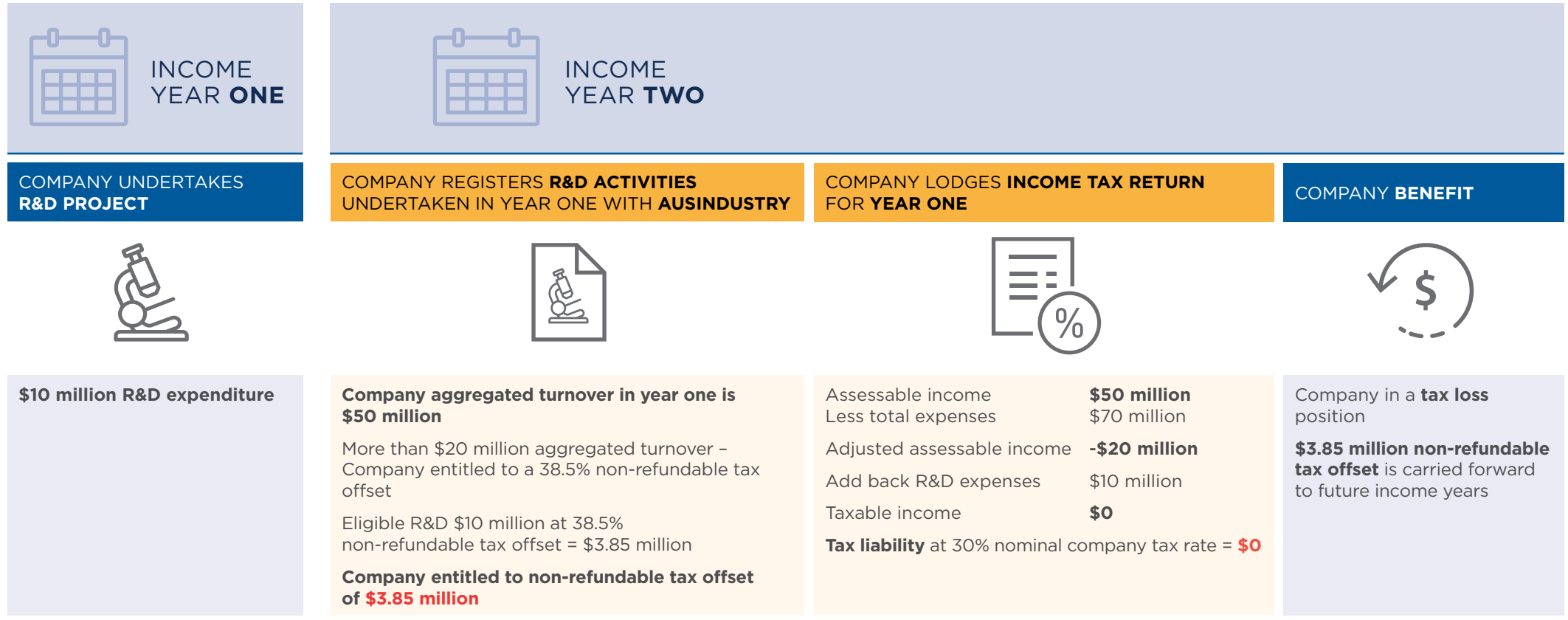
EXAMPLE FIVE



**ADVANCED
MANUFACTURING
COMPANY**

- less than \$100 million R&D expenditure
- more than \$20 million aggregated turnover
- tax loss position

**NON-REFUNDABLE TAX OFFSET
CARRIED FORWARD**



EXAMPLE SIX (A)



MINING COMPANY

- more than \$100 million R&D expenditure
- more than \$20 million aggregated turnover
- tax liability position

**NON-REFUNDABLE TAX OFFSET
CARRIED FORWARD**



INCOME
YEAR **ONE**



INCOME
YEAR **TWO**

COMPANY UNDERTAKES
R&D PROJECT



\$120 million R&D expenditure

COMPANY REGISTERS **R&D ACTIVITIES**
UNDERTAKEN IN YEAR ONE WITH **AUSINDUSTRY**



Company aggregated turnover in year one is \$500 million

More than \$20 million aggregated turnover -
Company entitled to a 38.5% non-refundable tax
offset

Eligible R&D up to \$100 million at 38.5%
non-refundable tax offset = \$38.5 million

Remaining \$20 million at 30% nominal company tax
rate = \$6 million

**Company entitled to non-refundable tax offset
of \$44.5 million**

COMPANY LODGES **INCOME TAX RETURN**
FOR **YEAR ONE**



Assessable income	\$500 million
Less total expenses	\$520 million
Adjusted assessable income	-\$20 million
Add back R&D expenses	\$120 million
Taxable income	\$100 million

Tax liability at 30% nominal company tax rate =
\$30 million

COMPANY **BENEFIT**



Company's non-refundable
tax offset **reduces tax
liability to \$0**

The remaining **\$14.5 million**
**(\$44.5M - \$30M) non-
refundable tax offset** is
carried forward to future
income years

EXAMPLE SIX (B)



**BIOTECH
COMPANY**

- more than \$100 million R&D expenditure
- more than \$20 million aggregated turnover
- tax liability position

**NON-REFUNDABLE TAX OFFSET
CARRIED FORWARD**



INCOME
YEAR **ONE**



INCOME
YEAR **TWO**

COMPANY UNDERTAKES
R&D PROJECT



\$120 million R&D expenditure

COMPANY REGISTERS **R&D ACTIVITIES**
UNDERTAKEN IN YEAR ONE WITH **AUSINDUSTRY**



Company aggregated turnover in year one is \$500 million

More than \$20 million aggregated turnover -
Company entitled to a 38.5% non-refundable tax
offset

Eligible R&D up to \$100 million at 38.5%
non-refundable tax offset = \$38.5 million

Remaining \$20 million at 30% nominal company tax
rate = \$6 million

**Company entitled to non-refundable tax offset
of \$44.5 million**

COMPANY LODGES **INCOME TAX RETURN**
FOR **YEAR ONE**



Assessable income	\$500 million
Less total expenses	\$520 million
Adjusted assessable income	-\$20 million
Add back R&D expenses	\$120 million
Taxable income	\$100 million

Tax liability at 30% nominal company tax rate =
\$30 million

COMPANY **BENEFIT**



Company's non-refundable
tax offset **reduces tax
liability to \$0**

The remaining **\$14.5 million**
**(\$44.5M - \$30M) non-
refundable tax offset** is
carried forward to future
income years