



R&D Tax Incentive Roundtable Meeting

MEETING RECORD

Meeting Date	1 September 2022
Time	11:00am – 1:00pm AEST
Co-Chairs	Tara Oliver, General Manager, R&D Tax Incentive Branch, AusIndustry, Department of Industry, Science and Resources (DISR) Glenn Cooper, Ag Assistant Commissioner, Australian Taxation Office (ATO)
Attendees	Damien Smyth (Swanson Reed) Dean Birch (Nexia Perth) Donna Bagnall (Chartered Accountants Australia and New Zealand) Emma Westaway (Boeing) Gregg Pratt (Deloitte) John Warmington (Technology Incentive Services) Leigh Conlan (CPA Australia) Liz Eedle (Universities Australia) Mabel Liang (Australian Meat Processor Corporation) Matthew Brown (Group of Eight) Mugun Athirajan (Insight Advisory Group) Oscar Stranz (Evolv3) Patrick Korbel (Australian Technology Network) Rebecca Roberts (Cochlear) Robert Krigsman (Krigsman Partners) Robyn Tolhurst (Australian Investment Council and Technology Council of Australia) Ron Gauci (Australian Information Industry Association) Ross Lyons (Minerals Council of Australia) Sarah Lander (Michael Johnson Associates) Sophia Varelas (PwC)
Observers	Tanya Blight (Executive Director, Office of Industry, Innovation and Science Australia) Julie Phillips (Chair, Research and Development Incentives Committee)
Apologies	Kelly Canavan, Assistant Commissioner, ATO

AGENDA		
Item	Speaker	Chair
1. Welcome 1.1. Roll-call of attendees 1.2. Acknowledgement of country 1.3. House keeping	Facilitator	AusIndustry
2. Introduction of co-chairs	Tara Oliver Glenn Cooper	AusIndustry ATO
3. Roundtable Terms of Reference 3.1. Revisions made and member feedback	Tara Oliver	AusIndustry
4. AusIndustry Insights 4.1. Discussion on attached program updates 4.2. Data Insights 4.3. Compliance Insights 4.4. Customer survey	Keelie Williams Andrew Lewis Tom Gilbert Lyndall Milward-Bason	AusIndustry
5. ATO Update 5.1. Program updates from the ATO	Glenn Cooper Brett Challans	ATO
6. Research Service Providers 6.1. Stakeholder insights 6.2. Registrations update	Lyndall Milward-Bason	AusIndustry
7. Advance and Overseas Findings 7.1. Shorter findings initiative 7.2. Comments from members on use and value of Advance Findings	Tom Gilbert	AusIndustry
8. Justified Trust & Large Business Reviews 8.1. ATO Justified Trust program 8.2. AusIndustry Large Business Reviews	Faith Harako Chris Clark	ATO AusIndustry
9. Other business and close 9.1. Other business raised by members 9.2. Call for agenda items for the next meeting	Tara Oliver	AusIndustry
Meeting Close		

Introduction of co-chairs

- Tara Oliver (AusIndustry) welcomed attendees and Glenn Cooper (ATO) as co-chair for the meeting.
- Apologies were conveyed for Kelly Canavan who was unable to attend.
- Tara Oliver commenced as General Manager for the R&D Tax Incentive Branch on 10 August 2022. She is keen to engage with stakeholders on the R&D Tax Incentive and encouraged members to share their views and provide input on agenda topics to ensure the Roundtable is a valuable forum for all attendees.

Roundtable Terms of Reference

- The revised Terms of Reference (TOR) for the Roundtable (see **Attachment 1**) was shared with members for feedback on 12 July.
- The changes emphasise the purpose of the forum and reflect the option of holding the meetings online which became a norm due to COVID lockdowns.
- Members providing feedback were thanked with some suggestions adopted into the final version.
- Discussion arose regarding the benefits of sharing information provided in the forum with others in the wider community. Further clarity was sought around confidentiality requirements implied by the Chatham House Rules, particularly on what can be shared more broadly and what is subject to confidentiality requirements.
- ATO and AusIndustry will consider and respond to member feedback.

Note to members: Meeting summaries are distributed to all meeting members and will continue to be published on the business.gov.au website following every meeting.

AusIndustry Insights

Members were invited to ask questions on the program update included in the agenda papers (see **Attachment 2**). Further insights were offered during the meeting as follows:

Customer Portal - Keelie Williams

- Over 13,000 applications have been submitted and processed through the customer portal since it was launched on 5 July 2021.
- The Registration deadline on 3 May 2022 for companies with an income year ending on 30 June 2021 was the first peak lodgement date to occur since the introduction of the customer portal. The portal handled the increased demand as anticipated and on-going monitoring will ensure the portal continues to meet customer demand.
- A systems update occurred for the customer portal on 29 June 2022 to enable expanded digital identity options as part of the login process. Further information can be found at <https://www.digitalidentity.gov.au/>. Other updates involved a transition to the 2020 ANZSRC codes and incorporation of the 2022-23 list of registered Research Service Provider and Cooperative Research Centres.
- No other major updates to the customer portal are planned for the rest of 2022.

Data Insights - Andrew Lewis

- Registration statistics were presented for the 2019-2020 income year which is the latest complete dataset available on account of the 10 month time limit to register activities after the end of the income year. These data are included in the program update at **Attachment 2**. The following comments were made at the meeting:

- Registrations and R&D expenditure in the 2019-20 income period is similar to the previous two years in terms of the number of registrations, with a slight increase in R&D expenditure (2%) from last year.
- It is anticipated that registrations for the 2020-21 year are likely to be similar to the previous year's registrations once completed with a slight increase in R&D expenditure (5%).
- SMEs represent the majority of registrations (88%) with slightly less than half (49%) of total R&D expenditure. Large companies comprise 12% of registrations with a 51% share of R&D expenditure.
- ICT registrations are relatively dominant in the program and constituted 45% of all R&D registrations and 37% of R&D expenditure in 2019-20. When looking at the size of entities submitting ICT registrations the breakdown is similar to the whole-of-program composition with SMEs accounting for 90% of ICT registrations and 55% of ICT-related R&D expenditure. Large companies account for 10% of registrations and 45% of R&D expenditure.
- AusIndustry's guidance-based compliance approach appears to be promoting greater understanding of program requirements, helping applicants to more accurately self-assess their activities. Around 92% of finalised compliance examinations find assessed activities are ineligible suggesting AusIndustry is more effectively targeting high risk applications.
- Members expressed interest in gaining insights on compliance trends across sectors and industries.

Compliance Insights – Tom Gilbert

- The introduction of the portal application form has enabled AusIndustry to better identify companies who need support to apply the program's legislative requirements. The requirement to distil information in the portal fields assists AusIndustry to provide tailored education and advice and better target risk reviews and examination activities.
- The requirement for an 'unknown outcome' under the definition for eligibility is not receiving equal focus by applicants. Applicants need to be clear on why the outcome of their activities cannot be predicted on the basis of current expertise and professional knowledge and ensure they keep records to demonstrate the steps they undertook to establish this.
- AusIndustry continues to observe that the majority of registrants are either "getting it right", or "trying to get it right", and continues to implement a guidance-based engagement model in its early compliance interactions.

Customer Survey – Lyndall Milward-Bason

- AusIndustry commissioned a customer survey to seek user feedback on the program's accessibility, client understanding of requirements and perceived program benefits. The survey was sent to all 2020-21 program registrants attracting around 1,000 responses with a high proportion from SMEs.
- The customer survey forms part of a larger program of work to assess the impact of the program.
- Overall the survey indicates there is widespread appreciation of the importance of the R&D Tax Incentive in supporting Australian organisations and industries. The benefits relate to both individual organisations and the positive impact on innovation within Australia more broadly. An identified key benefit is that the incentive can be accessed by anyone in any field of R&D which has promoted the opportunity for R&D to industries where this is traditionally less of a focus.

ATO Update

Systems changes and website updates – Glenn Cooper

- ATO systems have been updated to align with the reforms to the R&D Tax Incentive for income years from 1 July 2021. The user instructions for the 2022 R&D schedule have also been updated to provide greater clarity.

- The ATO is updating its R&D Tax Incentive website content as part of a wider site updates to reflect the program reforms. The intention is to enhance the guidance that is available and improve search functions. Refreshed guidance will be available on:
 - record keeping and the nexus between registered activities and R&D expenditure
 - apportionment of expenditure, including overheads
 - payments to associates
 - overseas expenditure and the requirement for Advance and Overseas Findings.
- The ATO will be commencing a new expenditure module for the software guide shortly.
- Members were invited to provide suggestions for additional web content or guidance.

ATO Insights – Brett Challans

- The ATO has noted incorrect claims for ‘payments to associates’ with particular reference to loan repayments which do not meet the requirements for payments to an associate.
- Overhead expenditure continues to be an issue of concern where companies are either not correctly apportioning their expenditure or simply picking up their expenses from their profit and loss and claiming the whole amount as an overhead. Companies are encouraged to take care with overhead claims.
- The ATO do engage with companies regarding payments to associates and apportionment of overhead expenditure and encourages companies and advisers to seek advice if there is doubt before lodgement to ensure their claims are correct. The ATO can be contacted at innovationtax@ato.gov.au and keen to assist by meeting with companies, consulting firms and industry groups and to assist with queries one-to-one.

Research Service Providers (RSPs)

RSP Working Group - Lyndall Milward-Bason

- Roundtable members were invited to participate in a RSP Working Group in June 2022 to discuss their experiences and insights regarding RSPs and generate suggestions on building awareness of RSPs and encouraging research collaborations in general.
- A summary of key themes was shared with members following the meeting (see **Attachment 3**).
- Members indicated that the working group was informative and helpful and that similar working groups on other issues impacting industry would be welcomed and appreciated.
- There was discussion on the Department of Education’s IP Framework for universities to work with industry released earlier in the week. The templates and guide make a small reference to the R&D Tax Incentive. [AusIndustry has since included information and the framework will be included in the October eBulletin]

RSP Registrations - Lyndall Milward-Bason

- RSP applications received by 30 June 2022 for the coming year have been processed. This year, RSPs were required to transition to the updated 2020 ANZSRC codes.
- 174 organisations have been registered as RSPs for the 2022-23 year. 27 RSPs chose not to renew. It is not clear why this reduction in renewals has occurred and may be due to a number of factors such as the requirement to transition to the new ANZSRC codes or the requirement for 5 full-time equivalent staff which is possibly more challenging in the current environment of skills shortages.
- The updated list of 2022-23 Cooperative Research Centres (CRCs) and RSPs is now available in the portal and will soon be published on the website.

Advance and Overseas Findings (AOF)

Shorter findings initiative - Tom Gilbert

- Advance and Overseas Findings (AOF) aim to provide certainty prior to application and are essential for activities conducted overseas.
- AusIndustry is improving AOF administration with a 'shorter findings' project in response to stakeholder feedback and recommendations made in Australian National Audit Office (ANAO) and Board of Taxation reviews of the program. Key areas of focus include:
 - new processes to target and close information gaps to enable assessment decisions
 - revised assessment processes to create efficiencies
 - surge resourcing to help process applications in peak lodgement periods
 - enhanced tracking and monitoring of case age
- AOF examination timeframes have decreased over the last 3 years, with the average completion time from application lodgement to decision improving by around 30% (from 181 days in 2020-21 to 111 days in 2021-22).
- AusIndustry understands these timeframes remain too long and is actively working to shorten examination timeframes to 90 days. Companies seeking extensions of time for responses may extend decision timeframes.
- The benefits of an advance finding include:
 - certainty from the regulators– an AOF is binding and can support fundraising or investment decisions, especially useful if significant expenditure is involved
 - no penalties derive from a negative finding – an advance finding is not an audit and is actually viewed as a positive compliance behaviour in light of the integrity framework i.e. "trying to get it right"
 - findings last for three years, providing some flexibility for registering and claiming R&D activities.
- Members shared their experience with advance findings. Some advised that the process was seen as time consuming and complex and not used very often, while others noted a higher level of use and a positive experience in the last few years.

Justified Trust and Large Business Reviews

ATO's Justified Trust Program - Faith Harako

- The ATO's Justified Trust Program engages with the top 100 taxpayers on an annual basis, and with the next 1000 largest companies once every four years.
- To achieve a high assurance of justified trust, the ATO seeks objective evidence that would lead a reasonable person to conclude that a taxpayer has paid the right amount of tax.
- Justified Trust involves four key areas of review:
 - understanding the taxpayer's tax position, risk management and governance framework
 - identifying tax risks ATO has flagged to the market e.g. Taxpayer Alerts
 - understanding significant or new transactions
 - understanding why accounting and tax results vary.
- Four out of five taxpayers in the top 100 achieve a high or medium level of assurance, demonstrating a high level of willing participation in the tax system in this population.

- Common issues attracting a lower level of assurance involve transfer pricing matters (related party financing, marketing hubs, inbound distributions, intangibles and non-arm's length pricing), followed by uniform capital allowances and other domestic risks.
- The Justified Trust reviews concerning the R&D Tax Incentive are focused on whether notional deductions are actually incurred on eligible activities, whether the deductions have been allocated using a reasonable methodology, in particular overhead expenditure, distinguishing between expenditure incurred on eligible R&D activities and ordinary business activities, and ensuring that a nexus between R&D activities and expenditure is demonstrated.
- The ATO also looks at governance and the controls in place to review registered activities and claims, the ability to distinguish between ordinary business activities and eligible R&D activities, and when eligible R&D activities transition to ordinary business activities. Questions of eligibility are referred to AusIndustry.
- R&D does form some of the low assurance ratings and a large part of the medium assurance ratings. This indicates that more information needs to be provided to the ATO or more work is needed by ATO to advance the review.
- Where AusIndustry has made an adverse finding or the ATO has concerns around expenditure and around nexus, this is flagged and normally carved out into some form of targeted review outside of the Justified Trust product.
- The ATO may also assign a 'not rated' rating, e.g., where the taxpayer hasn't claimed an R&D Tax Incentive in the particular year being reviewed but has indicated they might amend their return for that year or may claim the Incentive in a future year. The ATO will review that in subsequent years.
- A high assurance rating can be given where there is:
 - good governance
 - good documentation
 - where the company has lodged in accordance with AusIndustry findings
 - no expenditure issues.

AusIndustry's Large Business Reviews - Christopher Clarke

- AusIndustry is continuing its Large Business Review (LBR) program from 2021.
- The reviews involve 2 or 3 meetings with companies and their advisors to understand how they self-assess for the R&D Tax Incentive and to address any compliance issues.
- LBRs aim to promote transparency so future engagement can focus on any areas of uncertainty and provide clarity for future claims.
- AusIndustry aims to complete 4 to 6 LBRs each year selecting from a list of approximately 20 to 25 companies with an R&D in excess of \$40 million per annum that have not been subject to compliance in the past four years. Companies are selected from a range of industries and sectors.

Action Items

- ATO and AusIndustry to reflect on the feedback provided on the Terms of Reference and provide advice back to members on any changes.
- AusIndustry to determine what additional data insights could be provided on compliance trends.
- Members to propose ideas on possible topics for future working groups and Roundtable meetings
- AusIndustry to consider these topics and opportunities for cross-portfolio collaboration as part of future workshops.

All feedback and suggestions are welcome at rdti.engagement@industry.gov.au

Attachments

[Attachment 1 – Roundtable Terms of Reference as at 1 September 2022 \(currently under review\)](#)

[Attachment 2 – R&D Tax Incentive program update](#)

[Attachment 3 – Roundtable Working Group Meeting](#)

Roundtable - Terms of Reference

The R&D Tax Incentive Roundtable (Roundtable) is the peak forum for engaging with key stakeholders of the R&D Tax Incentive program.

The forum is jointly sponsored by the Department of Industry, Science and Resources (DISR) and the Australian Taxation Office (ATO). Roundtable members are invited to share their insights on the R&D Tax Incentive program.

Purpose	<p>The Roundtable aims to bring together diverse stakeholders to share insights and discuss opportunities to improve program administration.</p> <p>The objectives of the Roundtable are to:</p> <ul style="list-style-type: none"> • exchange stakeholder information and industry insights on the use and impact of the R&D Tax Incentive program • discuss emerging issues • receive constructive feedback on administrative challenges experienced by program stakeholders and hold collaborative discussions on potential solutions • share information on program performance and delivery
Co-chairs	<p>The Roundtable is co-chaired by DISR and the ATO. Other Roundtable members may be invited to co-chair a meeting or facilitate a topic of discussion. Roundtable co-chairs host the meeting and establish the agenda.</p>
Meetings	<p>Roundtable meetings:</p> <ul style="list-style-type: none"> • may be held online or at any DISR or ATO office around Australia • may be hosted by a Roundtable member at their organisation’s premises • will be held at least twice a year <p>Members are responsible for any arrangements or expenses related to meeting attendance.</p> <p>Roundtable members are encouraged to promote interactive discussion and are welcome to propose agenda items in advance of a meeting. This may include member or guest speaker presentations on a topic of relevance to members and the R&D Tax Incentive program.</p> <p>Agenda, venue and co-chair proposals can be forwarded to AusIndustry at rdti.engagement@industry.gov.au for consideration.</p> <p>A summary of the meeting will be circulated to all Roundtable members and published on <i>business.gov.au</i> to enable members to share and disseminate information to the benefit of program participants.</p>

<p>Membership</p>	<p>Roundtable membership aims to represent the diversity of R&D Tax Incentive stakeholders and utilises member panels to achieve balanced representation. Each panel has multiple members who are rotated for each meeting. Each panel member will be invited to attend at least one meeting per year.</p> <p>Member panels:</p> <ul style="list-style-type: none"> • companies • industry, research and tax associations • tax consultant firms <p>Roundtable membership:</p> <ul style="list-style-type: none"> • occurs by invitation • is extended to an organisation to nominate their meeting representative • is extended for a two year term which may be extended <p>Each meeting will be attended by representatives from DISR and the ATO and balanced representation from each panel. Representatives from the R&D Tax Incentives Committee (R&DIC) may also be invited to Roundtable meetings as observers.</p> <p>Organisations may submit an expression of interest to join a member panel. Requests will be considered in respect of balanced and appropriate representation.</p>
<p>Member participation</p>	<p>Roundtable members are expected to:</p> <ul style="list-style-type: none"> • actively and respectfully engage with Roundtable members to constructively contribute to discussions • adhere to confidentiality requirements and sensitivities of Roundtable participants and member organisations by not sharing specific member comments or affiliations without their permission • acknowledge that government decisions may not align with the views or recommendations of all panel members <p>Members who do not uphold the standards of respectful discussion and collaboration may be excluded from Roundtable membership.</p>
<p>Working Groups</p>	<p>Roundtable co-chairs may invite members to join a working group for more detailed engagement on a specific issue, project or proposal.</p>

R&D Tax Incentive Program Update – September 2022

This update provides information on various elements of program administration.
You are welcome to comment on the information or ask questions during the meeting.

1. Departmental changes
2. Advance and overseas findings
3. Program guidance
 - Information sessions
 - Guide to interpretation video
 - Website updates
4. Determinations
5. Registrations updates
 - Customer portal
 - Application insights
 - Registration and claims data

Departmental changes

Some changes have occurred in the department as a result of the change of government following the election in May 2022. The department is now the Department of Industry, Science and Resources (DISR) with the Hon Ed Husic MP sworn in as Minister for Industry and Science on 1 June 2022. More recently, Meghan Quinn PSM was appointed as the new Secretary of DISR. Her five-year appointment commenced on 22 August 2022. These changes have not impacted the R&DTI's legislative framework or administration.

Advance and overseas findings

Current demand for overseas findings remains high and is returning to pre-COVID-19 levels. Most overseas finding applications are lodged in the last week of June. This peak means many applicants may wait longer for a finding outcome compared to applications lodged at other times of the year.

Demand for advance findings is low and represents less than 10% of all advance and overseas finding applications submitted in the 2021/22 financial year.

Assessment timelines

Advance and overseas findings assessment timelines have improved over the last year. In 2021-22, the median time to complete advance and overseas findings reduced to 111 days compared to 181 days in 2020-21. This 30% improvement in completion times will be enhanced further by refined assessment and customer engagement processes along with surge capacity provided by an external delivery partner, Proximity Advisory Services.

Applicants for advance and overseas findings can also help to streamline the assessment of their application by attaching relevant samples of evidence to their applications.

Feedback request

AusIndustry is seeking to better understand the low rate of advanced finding applications given the frequent demand for certainty made by program users. Your comments can be shared during the forum or sent to rdti.engagement@industry.gov.au.

Program guidance

Information sessions

Online information sessions are regularly offered to explain program requirements and assist companies to self-assess their R&D activities. A new webinar is now available to provide guidance on requirements for both activities and related expenditure, together with information on how and when to apply, and advice on record-keeping. The webinar is jointly delivered by AusIndustry and the ATO and directed to entities that are new to the program.

The first session on 20 July proved popular with 180 participants, of which a third had never previously applied for the R&DTI. Additional sessions are scheduled for [Tuesday, 18th October](#) and [Wednesday, 23rd November](#). All information sessions are listed on business.gov.au/rdti.

Guide to interpretation video

A video version of the *Guide to Interpretation* is now available at business.gov.au/rdti in conjunction with downloadable versions in written format. This video covers the same content with some helpful tips on record keeping and common errors.

Website updates

You can keep up with major changes to R&DTI website content at business.gov.au/rdti by visiting this page: [latest updates to the R&D Tax Incentive content](#). We recommend that you regularly check this page to ensure any content you reference on your website is up to date.

Determinations

Industry Research and Development (Clinical Trials) Determination 2022

The [Industry Research and Development \(Clinical Trials\) Determination 2022](#) came into effect on 1 April 2022 under the title *Industry Research and Development (clinical trials, Phase 0, I, II, III, pre-market pilot stage, pre-market pivotal stage, for an unapproved therapeutic good) Determination 2022*. This determination offers certainty that phase 0, I, II, III, pre-market pilot stage and/or pre-market pivotal stage clinical trials for unapproved therapeutic goods are 'core R&D activities'.

The determination has received a very positive response from companies and stakeholders as it decreases the application time for certain clinical trials and enhances the ability to engage in cutting-edge R&D with certainty that the activities meet eligibility requirements. Similarly, reduced complexity has streamlined assessments and reduced processing times for program administrators. In one instance, a company that relied on the clinical trials determination for 35 core R&D activities was processed in only fifteen minutes.

The release of the determination was accompanied by [guidance on how to apply the determination](#) to assist companies when registering for the program and/or applying for an Advance or Overseas Finding. The business.gov.au/rdti website provides the primary reference point for up to date information and guidance.

AusIndustry is working to develop future determinations. R&DTI determinations made by AusIndustry differ from ATO determinations. The latter are binding on the Commissioner of Taxation, while R&DTI determinations are binding on the Industry Innovation Science Australia Board and its delegates.

Feedback on the clinical determination and suggestions for new determinations can be forwarded to rdti.engagement@industry.gov.au.

Registrations update

Customer portal

3 May registration deadline

The registration deadline on 3 May 2022 for companies with an income year that ended on 30 June 2021 was a peak lodgement date and the first to occur since the introduction of the customer portal on 5 July 2021. The portal handled the increased demand as anticipated. On-going monitoring ensures the portal is meeting customer demands.

Over 13,000 applications have been submitted and processed through the customer portal since it was launched.

System updates

On 29 June 2022 minor updates were made to the customer portal enabling the following changes:

1. *Incorporation of the newly introduced 'Digital Identity' as part of the login process.* Digital Identity is a government service which currently includes myGovID as the only identity verification service but paves the way for alternatives in the future. Further information about Digital Identity can be found at <https://www.digitalidentity.gov.au/>.
2. *Transition to the 2020 Australian and New Zealand Standard Research Classification (ANZSRC) codes.* The portal now uses the update ANZSRC classification codes which have changed from the 2008 version. This change now aligns the portal with updated provisions of the [Industry Research and Development Regulations 2022](#). Further information on ANZSRC definitions is available on the [ABS website](#), including resources to help you classify your activities under the correct fields of research definition.

No major changes are planned for the customer portal for the remainder of 2022. There will be a minor release later in the year to update the list of registered Research Service Providers and Cooperative Research Centres. Should additional portal updates be required in 2022, this will be notified on the portal help and support webpage.

Portal access authorisations

Companies should be reminded to review and update the authorisations they have set up in both the customer portal and the ATO's Relationship Authorisation Manager to ensure they are current. This includes authorisations to extend access to third parties, and removing it when no longer required.

Application insights

There are several common mistakes made by applicants that can cause a delay in their registration. One of the main issues is companies missing the lodgement deadline because insufficient time is allowed for portal access. Setting up a portal account for the first time can take longer than expected and several companies have to then apply for an extension of time in order to submit an application. It is important to note that extension of time requests can only be made via the Portal.

Delays to registration are also caused by:

3. *Applications submitted with incorrect entity details.* This is particularly important when tax structures change that require an update to the entity that should be applying on behalf of a group.
4. *Applications submitted with the wrong financial year.* When a company incorrectly nominates their income period, such as choosing 30 June balance date instead of 31 December, the application must be withdrawn and resubmitted for the correct financial year.
5. *Incorrect primary R&D contact details.* The primary contact must be a company representative with their correct email address and not the email for a tax agent or R&D consultant. Contact details for advisors are accommodated elsewhere in the registration form. Correct entry of the primary R&D contact field is important for our registration workflows.
6. *Missing RSP information.* Applicants that use a registered Research Service Provider (RSP) for some or all of their R&D activities should also include the details of the RSP in the relevant field.

Registration and claims data

R&DTI registration data provided below as the most recent dataset for the 2020/2021 period. This dataset is incomplete for the period as applications can be submitted up to 15 months after the end of the Australian standard financial year. As such this data is indicative only and will change when the full dataset is available.

Table 1: Overall registrations

R&D TAX INCENTIVE PROGRAM REGISTRATIONS	
Number of Registrations	12,288

R&D Expenditure (**billion**) \$13.16

Table 2: Comparison of registrations and expenditure by organisation size

REGISTRATIONS/EXPENDITURE	SMES	LARGE COMPANIES
Number of Registrations	10,788	1,500
R&D Expenditure (billion)	\$6.87	\$6.29

Table 3: Overall claims for the full 2020/21 financial year (ATO)

CLAIMS/EXPENDITURE	REFUNDABLE	NON-REFUNDABLE
Number of Claims	11,639	1,488
Offset paid or applied (billion)	\$2.7	\$2.2

For tables 4 to 11, 'E,G,W&WS' denotes Electricity, Gas, Water & Waste Services.

Table 4: Comparison by sector – Australia-wide

	SERVICES	MANUFACTURING	AGRICULTURE	MINING	E,G,W & WS*
Number of Registrations	7,601	3,492	507	410	278
R&D Expenditure (million)	\$7,142	\$3,933	\$534	\$1,216	\$338

Table 5: Comparison by sector – NSW

	SERVICES	MANUFACTURING	AGRICULTURE	MINING	E,G,W & WS*
Number of Registrations	3,012	1,068	111	91	51
R&D Expenditure (million)	\$3,315	\$1,550	\$93	\$179	\$116

Table 6: Comparison by sector – VIC

	SERVICES	MANUFACTURING	AGRICULTURE	MINING	E,G,W & WS*
Number of Registrations	2,258	1,052	106	56	30
R&D Expenditure (million)	\$2,281	\$1,248	\$88	\$91	\$206

Table 7: Comparison by sector – QLD

	SERVICES	MANUFACTURING	AGRICULTURE	MINING	E,G,W & WS*
Number of Registrations	1,191	731	123	89	46
R&D Expenditure (million)	\$732	\$619	\$97	\$158	\$29

Table 8: Comparison by sector – WA

	SERVICES	MANUFACTURING	AGRICULTURE	MINING	E,G,W & WS*
Number of Registrations	624	361	212	76	61
R&D Expenditure (million)	\$451	\$268	\$676	\$68	\$27

Table 9: Comparison by sector – SA & NT**

	SERVICES	MANUFACTURING	AGRICULTURE	MINING	E,G,W & WS*
Number of Registrations	324	224	50	21	18
R&D Expenditure (million)	\$235	\$182	\$58	\$56	\$6

Table 10: Comparison by sector – ACT

	SERVICES	MANUFACTURING	AGRICULTURE, MINING** AND E,G,W & WS*
Number of Registrations	143	20	10
R&D Expenditure (million)	\$103	\$38	\$6

Table 11: Comparison by sector – TAS

	SERVICES	MANUFACTURING	AGRICULTURE	MINING** AND E,G,W & WS*
Number of Registrations	49	36	36	8
R&D Expenditure (million)	\$27	\$130	\$26	\$5

* Electricity, Gas, Water & Waste Services

** Combined for confidentiality reasons.

Note: Where the count of registrations for a metric is less than 5, or expenditure is below AU\$1 million, this information is not presented.

Comparison of registrations by States and Territories



Research Service Providers Roundtable Working Group

MEETING SUMMARY

Meeting Date:	7 June 2022
Time:	1:30pm – 4:00pm AEST
Aim:	To seek insights from Roundtable members on RSPs and hold an open discussion on opportunities to increase engagement and access to RSPs by R&DTI applicants
Attendees:	AB&H Russell Ascott, Director Academy of Technological Sciences and Engineering Peter Derbyshire, Director of Policy and Government Relations Australian Investment Council Robyn Tolhurst, Public Affairs Manager Australian Industry Group Louise McGrath, Head of Industry Development and Policy Australian Taxation Office Brett Challans, Senior Director, Innovation Taxes, Technical Leadership and Advice, Private Wealth CBG Systems Esther Pither, Finance and Admin Manager Cooperative Research Australia Jane O’Dwyer, Chief Executive Officer CSIRO Simon Hanson, Director, SME Connect CSIRO Peter Kambouris, Business Development Manager EY Jamie Munday, Partner, Oceania Business Tax Services Leader, Global QS Leader Group of Eight Cheryl Kut, Director - Research Policy Hall Chadwick Samuel Ung, Head of Incentives KPMG Steven Peters, Senior Manager Krigsman Partners Robert Krigsman, Principal Michael Johnson Associates Melanie Reen, Partner RSM Australia Melissa Di Latte, Senior Manager Tax Services Universities Australia Liz Eedle, Policy Direction – Research and Innovation

Introduction

All members of the R&DTI Roundtable were invited to participate in the Research Service Provider (RSP) Working Group. Members who participated included a cross-section of program participants including research service providers, industry associations, companies, tax agents and administrators.

Members shared their experience with RSPs and insights on current information and communication channels; challenges in building awareness of RSPs and encouraging collaboration; and opportunities to increase engagement.

The key themes arising from the discussion are tabled as follows.

Key themes

Key themes	Discussion points
Current situation: Perspectives and experiences related to RSP use and awareness	<ul style="list-style-type: none">• There is generally low awareness of RSPs and the opportunities available to collaborate. This is not addressed by available information which could do more to highlight RSP capabilities.• The R&DTI website information on RSPs is not easy to navigate and not always up to date with the correct contact details.• Many companies seeking to collaborate with universities are already aware of the R&DTI through other channels. Consequently, universities/RSPs may not be the best channel for raising awareness of the R&DTI.• A general low awareness of the benefits of innovation and university research is considered to limit opportunities for collaboration. This information gap is difficult to address and one that universities are also trying to tackle.• The opportunity to access the R&DTI when expenditure is below the required \$20,000 threshold afforded by collaboration with an RSP is not perceived to be a significant motivating benefit for many companies.• The application form to register as an RSP requires significant information and perceived as onerous and off-putting.• For some companies, RSP collaboration is more strongly motivated by grant funding than the R&DTI as it provides a stronger carrot to attract research partnerships.• Given the low engagement rate recorded by AusIndustry (i.e. around 5% of registrants) it could be possible that some companies have difficulty self-identifying that they are working with an RSP and consequently don't complete the application form correctly. Consequently, RSP collaboration may possibly be higher than reported by AusIndustry.• Access to university facilities can be a driver for a company to engage an RSP.• It can be overwhelming for companies to seek collaboration. This is particularly relevant for SMEs given they don't have the same resources as large companies to build research partnerships. Companies with academic experience or research connections are better equipped to build research partnerships.• AusIndustry's communications tend to target companies and appears not to focus as much on universities/RSPs.• Facilitators are highly valued in helping companies understand the value of innovation and assisting in helping identify and establish opportunities for research collaborations. Examples include Innovation Connections and CRC Projects.

	<ul style="list-style-type: none"> • Companies respond to stories that show examples of successful outcomes and the journey companies go through to achieve them. Overcoming challenges to achieve an outcome are also valued. • CSIRO’s match-making service, Innovation Connections, provides a valued facilitation service which connects SMEs to the research sector. The program supports around 300 projects a year. Facilitators provide a match-making service with 40 universities and other public research organisations. Their support extends to project scoping and they generally stay involved throughout the project’s lifetime.
<p>Challenges for research collaborations and accessing RSPs</p>	<ul style="list-style-type: none"> • The R&DTI website provides a long list of RSPs with research codes which can be overwhelming for a company seeking information. This does not assist in raising awareness of RSPs and collaboration opportunities. • The impression from companies who want to apply for the program, is that there is a lot of technical information to prepare in the application process which can be off-putting. • Many companies are time poor and assume that they won’t be able to afford to collaborate. There is a lot of pressure to manage other work with the funding they have available. Similarly, SME time pressures reduce the capacity to make connections. • There is a perception that universities prioritise research over commercialisation given their focus on publication. At the same time, many companies need support in commercialising a new product and as well as support in navigating this journey. • Many companies are protective of their IP and don’t know how to manage IP issues when collaborating with universities. • IP complexity also arises from the lack of uniformity in managing IP issues among research institutions. • Some university personnel do not promote their services as a researcher which also impacts awareness levels. • There is low awareness of the R&DTI program together with benefits of innovation and collaboration among SMEs. It is easier to hold workshops and events for companies already thinking about research collaboration but harder to reach those that may not even know what is possible.
<p>Website</p>	<ul style="list-style-type: none"> • The website is a vital ‘shop front’ for the R&DTI and for information about working with RSPs. The website requires continuous maintenance and management. Information should be reviewed and updated regularly. • Some university contacts are listed incorrectly and requested corrections are not made promptly. • A better user interface on the website could assist clients to search for and access services provided by registered RSPs.
<p>Ideas for an RSP value proposition</p>	<ul style="list-style-type: none"> • <i>Allow RSPs to provide administration support to R&DTI applicants</i> <ul style="list-style-type: none"> – RSPs could help companies in the application process as they are well placed to keep required evidence on behalf of their client. An RSP could also make R&DTI application process easier as they can more readily provide relevant technical information and evidence when required.

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- *Affordability*
 - Affordability concerns can be addressed where R&D is done in collaboration and the financial outlay is shared.
 - The real value add is the opportunity for small businesses to access the refundable tax offset.
 - Opportunities for investment capital are often linked to R&D in industries that are aligned with industries of the future and economic growth.
 - *Capability exchange*
 - RSPs and businesses offer resources and experience that can be leveraged by each for success and mutual benefit. Industry engagement by academics can be useful for understanding, translation and commercialisation and companies gain benefits from working with academically qualified staff.
 - Businesses that seek active engagement with researchers will learn how to work with people who have PhDs and will enhance their awareness of collaboration opportunities.
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Suggested opportunities to address information gaps

- Demonstrate how companies and RSPs can navigate the program and overcome challenges in RSP collaboration through champions and customer stories.
 - Any communication – podcasts, case studies, etc. - that validates the value of research collaboration for SMEs and how to do this better will build trust that a positive outcome can be achieved.
 - Encourage research and collaboration by demonstrating the whole ecosystem of R&D support programs for businesses and RSPs. This will enable a broader perspective on the government assistance that is available. Consider the potential to partner with IP Australia to provide guidance on managing IP issues when a company wants to collaborate with an RSP.
 - Case studies and companies that share their stories to demystify IP issues and give their tips to navigate IP protection will help address recurring questions around IP. Company stories told by people will be more effective than website information.
 - Provide a broader understanding on the types of organisations, including private companies that deliver contracted R&D support to entities that are claiming the R&DTI. This will also demonstrate examples of applied research being undertaken.
 - Consider a benchmarking study to determine best practice and what can be done better when engaging in research collaborations. This will help companies navigate the journey of building and executing successful research collaborations.
 - Create 'how to' information for researchers who want to work with industry. This will also serve mobility and skill exchanges between universities and businesses.
 - Many start-ups and spin out businesses now emerge from universities and have a perspective on commercialisation. Universities have innovation and commercialisation groups that are working with industry on commercialisation issues. Universities are very interested in engaging with industry organisations.
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	<ul style="list-style-type: none"> • Increase messaging on the financial benefits and provide information on the interaction with grants, including clawback requirements • Explain the life story on the trials and tribulations that companies experienced, particularly noting the perseverance throughout the journey and how they overcame the barriers. • Promote greater understanding on the issues that face RSPs and business in order to facilitate more effective collaborations for mutual benefit. • Establish easy pathways for SMEs to ask questions.
Communications material	<ul style="list-style-type: none"> • Information from AusIndustry on the program seems to have limited efficacy in promoting awareness and engagement with RSPs. The preference is brief, easy to access collateral and podcasts/videos. • Present relatable and easy to access examples in the form of podcasts, video interviews and case studies from people who've engaged with the program in different ways and demonstrate various perspectives. • Communication that demonstrates how the R&DTI program has helped businesses and examples of collaboration are very effective for creating awareness e.g. What does it mean to collaborate with researchers and what does it look like? What is the impact of the R&DTI on operations and on the R&D generated? What kind of R&D is being conducted? • Convey practical tips from SMEs who have engaged with Universities and PhD researchers. • Enable champions/messengers to share their journey from never having thought about engaging in research collaboration through to being actively engaged and what challenges they faced along the way.
What's working	<ul style="list-style-type: none"> • Innovation Connection's facilitators who facilitate and support linkages between the universities, research providers and the companies. • AusIndustry's willingness to deliver presentations at stakeholder events.
Working together	<ul style="list-style-type: none"> • Inviting AusIndustry to present at stakeholder events. • Identifying opportunities for joint events, workshops and summits that bring industry, researchers, government and other stakeholders together to promote program understanding, convey research capabilities and attract SMEs to join the dialogue on research engagement. • Identifying companies that could feature in customer stories and provide testimonials.

Next steps

- Share insights from the RSP working group with all members of the Roundtable at the next meeting to be held in September 2022.
- Consider the ideas and suggestions provided by working group participants and develop an action plan that aims to improve RSP communication and engagement.