

## R & D Tax Credit: What is a Core Activity?

Are you conducting an *EXPERIMENTAL* activity that is generating new knowledge?  
Or  
Creating new knowledge by developing *NEW* or *IMPROVED* Materials, Products, Processes, Devices or Services?

**YES**

Is the activity conducted as a “systematic progression” of work?  
AND  
Does it proceed from hypothesis to experiment, observation and evaluation, and lead to logical conclusions?

**YES**

Is the outcome unable to be determined in advance based on current knowledge, information or experience?

**YES**

**Your Company may be eligible for the R&D Tax Credit.**

Commencing 2011/12 financial year, R&D Tax Credit Legislation now provides:

- A 45% refundable tax credit for companies with a turnover of less than \$20 million per annum; or
- A 40% standard tax credit for companies with a turnover of more than \$20 million per annum

For example: R&D activities for a concrete product manufacturer could include:

**MATERIALS** improved concrete mix formula / composition.

**PRODUCTS** development of lightweight product for specific application.

**PROCESSES** Improved efficiencies in production methods.

**DEVICES** tool or machinery designed to enhance concrete production efficiency

**SERVICES** development of enhanced delivery process.

Note: The statutory requirements are found in the Income Tax Assessment Act 1997 and Industry Research & Development Act 1986, and have been summarised here for quick reference purposes only. Professional advice specific to circumstances should be obtained.

*Liability limited by a scheme approved under Professional Standards Legislation*

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