

## R&D Tax Incentive

**Developing capability in this area** will help you to better understand the requirements to apply for the R&D Tax Incentive (RDTI). Depending on the legal structure of your business, there may be certain conditions you need to meet to be eligible. There are also requirements around where and how you conduct your business, where your R&D is carried out, how much you invest in R&D, and who has ownership rights of your R&D. The RDTI is about encouraging R&D that pushes beyond existing scientific and technological barriers, and does this in a way that's both systematic and with a specific goal in mind. R&D can mean different things in different contexts. For example, the business, accounting, and scientific worlds all have different definitions of what R&D means that are specific to those sectors. Understanding each criteria is important to ensure your business can satisfy the compliance requirements for the tax incentive scheme.

### **Do you know the eligibility criteria and record keeping requirements to apply for the RDTI in a given financial year?**

To be eligible for the RDTI, you must be doing more than just developing a new product, service, or knowledge. You must be trying to overcome a particular scientific or technological problem that you're not even sure can be resolved. The RDTI calls this "scientific or technological uncertainty", and being able to identify and describe it is the basis on which RDTI eligibility rests. It is important to start defining your R&D as early as possible, in terms that satisfy such an eligibility criteria.

You can also include various types of expenditure as part of your RDTI claim. There are, however, some restrictions on expenditure that occurs in certain contexts, and there's a list of specific types of expenditure that are ineligible. The main cost businesses usually claim for is the cost of paying people to carry out R&D. As a guide, roughly 70% of a tax credit generally reflects employee costs. The other costs you can claim include depreciation and goods and services used to conduct R&D. This may change depending on the type of R&D you are conducting so it is important to track and monitor associated costs at appropriate intervals.

### **Key activities can include:**

- Understanding if your business is eligible (entity eligibility rules)
- Learn by doing, through engaging a relevant expert to help with:
  - ★ Identifying appropriate R&D activities
  - ★ Understanding and identifying eligible and ineligible types of expenditure
  - ★ Understanding the importance of recordkeeping for both R&D and expenditure tracking.

### **Potential risks of not understanding eligibility and record keeping for RDTI include:**

- You don't get the full benefit that the RDTI can offer your business
- You short change your R&D investment pool.

### **Potential Capability Partners and Useful Resources**

Below you'll find some potential capability development courses and providers plus some useful resources. If you know of suitable providers through your networks or have existing working relationships with providers please feel free to recommend them as capability development partners and let us know [here](#) so that we can add them to this resource page to benefit others. We make every reasonable effort to keep this information current and accurate as a starting point for your capability development plan. However, it is

provided for your convenience only and should be taken as neither an exhaustive list of providers, nor as an endorsement of those organisations represented.

You also have an opportunity to speak directly with a Callaghan Innovation Business Innovation Advisor, who can help put you on the capability development path that best suits you and your current R&D needs.

## Capability Development



[www.callaghaninnovation.govt...](http://www.callaghaninnovation.govt.nz)

### R&D Tax Incentive

The R&D Tax Incentive (RDTI) aims to support more businesses in New Zealand to invest in research and development (R&D). Investing in R&D can help boost your business - as well as increase the diversity and pr

## Topic Resources



[www.rdti.govt.nz](http://www.rdti.govt.nz)



### Want a 15% credit on your R&D costs?

Want a 15% credit on your R&D costs? With the Research and Development Tax Incentive (RDTI) you can get a tax credit equal to 15% of eligible R&D expenditure. Find out if you can benefit ...



### Research & Development Tax Incentive (RDTI)

R&D ACTIVITY ELIGIBILITY

DIGITAL TECHNOLOGY SECTOR



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