

R&D Tax Incentive - Frequently Asked Questions

Q: I want to go straight onto the tax credit on 1 April 2019 what do I need to do?

A: Tell Callaghan Innovation no later than 31 January 2019 that this is your preferred option and we will work with you to terminate your contract by 31 March 2019.

Q: I have an early tax balance date and want to move to the tax incentive – what does that mean for me?

A: Tell us when your tax income year starts, and we will work with you to terminate your Growth Grant in time for the beginning of your 2019/20 tax year. If your tax income year, for example, finishes on 31 December 2018, you can continue on your Growth Grant until 31 December 2018 and will be able to move onto the tax incentive on 1 January 2019.

Q: I have a late tax balance date and want to move to the tax incentive – what does that mean for me?

A: Tell us when your tax income year starts, and we will work with you to terminate your Growth Grant in time for the beginning of your 2019/20 tax year. If your tax income year, for example, finishes on 31 May 2019, you can continue on your Growth Grant until 31 May 2019 and will be able to move on to the tax incentive on 1 June 2019.

Q: My Growth Grant expires after 1 April 2019, what does that mean for me?

A: You have the option of staying on your Growth Grant until 31 March 2021 should your business not yet be ready to transition to the tax incentive. You will need to provide an updated R&D plan for the remaining period (if we don't already hold this) and we will extend your contract once we receive your instructions.

Q: My growth grant expires before 1 April 2019 – what does that mean for me?

A: All growth grants that expire (or have expired) on and between 30 June 2018 and 31 March 2019 will be assessed under the existing eligibility criteria.

If you are eligible for an extension, you will be invited to apply for an extension which will have a final termination date of 31 March 2021.

If you are NOT eligible for an extension, the government has announced a short period of further support until 31 March 2019 (or your tax income year end date whichever is the later) at which time you will need to move to the tax incentive. Callaghan Innovation will issue you with an amended contract expiring 31 March 2019 or the end of your tax income year.

Q: I am not eligible for an extension and I have an early tax balance date – what does that mean for me?

You may continue your growth grant until the beginning of your 2019/20 tax year. If you have an early balance date, for example your tax income year finishes on 31 December 2018, you can continue on your Growth Grant until 31 December 2018 and you will move onto the tax incentive on 1 January 2019.

Q: I am not eligible for an extension and I have a late tax balance date – what does that mean for me?

A: You may continue your growth grant until the beginning of your 2019/20 tax year. If you have a late balance date, for example your tax income year finishes on 31 May 2019, you can continue on your Growth Grant until 31 May 2019 and you will move on to the tax incentive on 1 June 2019.

Q: What is the last day I can apply for a Growth Grant?

A: The online portal will close for new applications at 12 noon on Thursday 20 December 2018. You will then have until 31 January 2019 to complete and submit the application for assessment including the provision of all required supporting documentation. The assessment will need to be completed by Friday 15 March 2019 including the submission of any further information requested. The final date for new Growth Grant approvals by Callaghan Innovation's investment committee will be Friday 22 March 2019.

Q: I have a new Growth Grant application in progress when do I need to complete it?

A: You will have until 31 January 2019 to complete and submit the application for assessment including the provision of all required supporting documentation. The assessment will need to be completed by Friday 15 March 2019 including the submission of any further information requested. The final date for new Growth Grant approvals by Callaghan Innovation's investment committee will be Friday 22 March 2019.

Q: Can my Growth Grant commence after 31 March 2019?

A: No, the last commencement date for new Growth Grants will be 1 January 2019 (even if they are approved after this date).

Q: How long will my new Growth Grant be for?

A: The Growth Grant scheme will end on 31 March 2021 and your contract will expire on this date. Alternatively, if you have a different tax income year, you can elect to finish your grant on the last day of your tax income year provided this is on or before 31 March 2021.

Q: How long do I have to submit my final Growth Grant claim?

A: You will have six months from the end of your contract to lodge your final claim for payment for work completed up until the last day of your contract. Work completed after that date will not be funded under the Growth Grant scheme.

Q: Can I terminate my Growth Grant early?

A: Yes – just give us notice in accordance with your Funding Contract and we will work with you to terminate your contract on the date you request.

Q: Can I claim my Growth Grant and also apply under the tax incentive for work not covered by the Growth Grant criteria but is allowed under the new definition?

A: No, you will not be able to claim Growth Grant funding and the tax incentive in the same tax income year.

Q: Can I have a project grant and claim the tax incentive in the same tax income year?

A: Yes, but you cannot claim for the same expenditure under both schemes. For example, if you are completing a project that has expenditure that is currently ineligible under the project grant criteria but IS eligible under the tax incentive, you can claim for this particular cost under the tax incentive. Further, if the project continues after the project grant has finished, any expenditure incurred after

the end date of the project grant can be claimed under the tax incentive, even if in the same tax income year.

Q: What is the last date for me to tell you when I want to switch? There isn't enough information from IRD about eligibility yet and I don't know whether it is best to stay on my growth grant or move across to the tax incentive on 1 April 2019.

A: We recognise that Inland Revenue is still developing some of its eligibility criteria. If you are unsure as to the best time to switch but want to retain certainty of funding, we recommend you advise us to extend your contract until 31 March 2021 but not make any claims against the grant in the 2019-2020 tax year until the situation is clearer for you. You can give us notice to terminate your grant at any time under the provisions of your funding agreement and move across to the tax incentive. If you haven't claimed against the grant, your R&D expenditure will then be eligible for the tax incentive. If you make a claim against the grant, you will not be able to apply for the tax credit in the same tax income year

Q: Who can I contact for more information?

A: Check out our website; talk to your Callaghan Innovation advisor, or contact us via our Growth Grant Transition email – GGT@callaghaninnovation.govt.nz