



R&D Tax Incentive & Government Grants

Information Communications & Technology

R&D Tax Incentive Summary

The R&D Tax Incentive (RDTI) remains the Federal Government’s primary program to support Australian industry based R&D.

The structural changes to the RDTI announced as part of the October 2020 Budget come into effect for income years commencing on or after 1 July 2021 and provide **net benefit of up to 18.5%**.

Almost all claimants will be better off and larger high R&D intensity companies may see their benefit **increase by up to 90%**.

How will my R&D tax offset change?

For income years commencing on or after 1 July 2021*, a variable intensity premium will enable access to higher R&D tax offsets for larger companies incurring more than 2% R&D expenditure. For smaller companies, the R&D premium will increase to 18.5%.

R&D Intensity

Eligible R&D expenditure as a proportion of total company expenditure.

Intensity Premium

The R&D tax offset rate above the company tax rate, comprising of two tiers for larger companies.

Larger Companies

For companies with aggregated turnover of \$20 million or more, the intensity premium will scale upwards based on R&D intensity.

8.5%

Intensity premium on expenditure **up to 2% R&D intensity**

16.5%

Intensity premium on expenditure **over 2% R&D intensity**

Smaller companies

For companies with aggregated turnover below \$20 million, the R&D premium will be fixed.

18.5%

R&D premium

43.5%

Maximum cash refund

*Treasury Laws Amendment (A Tax Plan for the COVID-19 Economic Recovery) Act 2020

Government grants for Information Communications & Technology

The Federal Government's 2021-22 Budget includes a significant spend on Information Communications & Technology (ICT) across a range of areas and industries as outlined below.

Initiative	Details
Small to Medium sized Enterprises (SMEs)	<ul style="list-style-type: none"> \$15.3 million over three years to support adoption of e-invoicing by business and government \$12.7 million in the next year to expand the Australian Small Business Advisory Service Digital Solutions program to assist up to 17,000 small businesses. \$111.9 million over five years for Northern Australia Development Program for scale-up projects through co-investment funding and advisory services. Pilot by Department of Industry, Science, Energy and Resources (DISER) to directly engage SMEs for contracts up to \$200,000.
Artificial Intelligence and Machine Learning (AI/ML)	<ul style="list-style-type: none"> \$53.8 million over four years for a National AI Centre and four AI and Digital Capability Centres to assist SMEs with AI technologies. \$33.7 million over four years in grant funding for business to work with government to develop AI solutions to solve national challenges. \$24.7 million over six years to establish and provide scholarships as part of a national Next Generation AI Graduates Program. \$12 million over five years for co-funded grants to support community and business to build AI capabilities in regional areas.
Cyber and security	<ul style="list-style-type: none"> \$43.8 million over three years to expand the Cyber Security Skills Partnership Innovation Fund. This fund invests in projects to improve the quality and quantity of cyber security professionals and the additional funds will be targeted across the national priority sectors. \$42.4 million over two years to improve security of critical infrastructure (including industry held critical infrastructure) against cyber-attacks.
Training and other industries	<ul style="list-style-type: none"> \$615.5 million over six years for grants for public and private disaster risk reduction and resilience \$111.3 million over two years to implement the Consumer Data Right (CDR) in the banking, energy and telecommunications sectors. \$42.4 million over seven years for co-funding scholarships under the Boosting the Next Generation of Women in Science, Technology, Engineering and Mathematics (STEM) Program. \$38.3 million over five years to increase funding for the Women's Leadership and Development Program.
Government ICT	<p>The Budget contains numerous measures to help fund the government's ICT needs and strategies which will likely be part outsourced to industry. Some of the larger ICT funding allocations in the Budget include:</p> <ul style="list-style-type: none"> \$597.2 million on government health platforms (e.g. MyHealth, Health Products Portal and DVA) \$219.6 million to better protect our borders and biodiversity (e.g. customs, environmental management, fisheries, etc.). \$200.1 million on MyGov \$100.2 million on improving mobile networks.

Why KPMG

Accelerating Business Growth with confidence and efficiency



Specialist Knowledge

With one of Australia's largest team of government incentives specialists, KPMG's Accelerating Business Growth (ABG) group is highly experienced and offers resource flexibility, performance and efficiency.



In touch with regulators

We meet regularly with the ATO and AusIndustry to keep in touch with the latest guidance and requirements. Our experience and methods will help you navigate the complexities of the R&D Tax Incentive with confidence.



Claim preparation simplified

Our real time R&D identification and recording processes will facilitate the preparation of robust claims in a transparent and efficient way, capturing your eligible activities and costs with minimal disruption to your operations.



Not just R&D Tax

Our specialists take a holistic view of your business and the full range of government funding opportunities that align with your plans for the future. We provide strategic advice and hands-on assistance in preparing strong applications for grants and other discretionary funding.

Contact us to discuss funding opportunities available.



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