

R&D Incentives and Grants

Resources and critical minerals



The R&D Tax Incentive (R&DTI) program is the Federal Government's primary program to encourage and support investment in innovation by eligible companies, to offset the costs and risk of conducting R&D activities in Australia.

The world's energy transition is heavily reliant on Australia's resources and critical minerals sector. Essential for clean energy technologies such as solar panels, wind turbines, batteries and energy storage, the industry is growing in both public and private sector investment in R&D.

By example, R&D tax claims made in this sector may include new extraction techniques and methods; efficiency gains in production processes; and strategies to minimise the environmental impact of mining and extraction activities.

In addition to the R&D Tax Incentive, the Federal Government has recently proposed two new Production Tax Incentives for renewable hydrogen and critical minerals. If passed, the incentives will apply from 1 July 2027.

What we do

KPMG's R&D Incentives and Grants team assists clients in accessing the R&D Tax Incentive (R&DTI) and other federal and state government grants.

KPMG's R&D Tax Incentives team has extensive experience in the resources and critical minerals sector, assisting startups through to large listed and multinational groups. Our team will deliver deep sector and subject matter expertise, including:

- end-to-end, tech-enabled, R&D claim preparation assistance to deliver comprehensive and robust R&D tax claim outcomes
- a tailored claim preparation approach aligned with your business processes to increase accuracy, optimise preparation effort and ensure timely delivery in line with reporting deadlines

- the development of an R&D tax claim governance framework aligned with your business needs and industry best practice
- access to KPMG's local and global network of experts who can provide comprehensive tax, technical and sector-specific insights
- recommendations on other business funding support including R&D finance, government grants and investment programs, and investor incentives.

The R&D Tax Incentive

Are you conducting R&D activities?

Core R&D activities:

- have an unknown outcome that cannot be determined in advance based on current knowledge, information, and experience available to you or reasonably accessible by you
- can only be resolved by applying a systematic progression of work; undertaking a hypothesis-driven experiment
- are undertaken for the purpose of generating new knowledge – something that is new or improved.

Supporting R&D activities must be undertaken to directly 'support' the core R&D activities. This may include activities such as preliminary research, formation of your hypothesis, creation of test environments, and the collection and analysis of data.

What is the benefit?

For eligible companies, the R&DTI offset is a premium on top of the corporate tax rate, depending on an assessment of your aggregated turnover.

A refundable tax offset for companies with an aggregated turnover of less than \$20 million:

- offset of 18.5% above the corporate tax rate
- potential to cash out losses and receive a refund.

A non-refundable tax offset for companies with an aggregated turnover greater than \$20 million:

- offset of between 8.5% and 16.5% above the corporate tax rate
- the benefit is dependent on R&D expenditure as a percentage of total company expenditure (expenditures above 2% of total company expenditure attract the 16.5% premium offset)
- tax saved either now or in the future as a carry-forward offset.

Government grant funding

There are numerous grant programs administered by the federal and state governments in Australia. For businesses to access these grants, projects must align with the program objectives which typically focus on one or more of the following: commercialisation of an innovative and novel product, device or service; value-add or manufacturing capabilities; job creation; regional development; and export market opportunities.

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