




# Biotechnology

## R&D Tax Incentive Industry Info Guide



You could be eligible to claim back up to 43.5% of eligible expenditure under the Australian Government R&D Tax Incentive Program.



# A guide to R&D eligibility for Biotechnology.

Through harnessing cellular and biomolecular processes, biotechnology allows us to design and develop products that enhance the lives of our people and planet. As such an important industry for the future of society, innovation through R&D is a key tenet of biotech operations, yet many of these organisations underutilise the R&D Tax Incentive to maximise their research. This guide aims to inform and encourage operations managers to seek further guidance regarding R&D claims.



## Who this guide is for

This guide is intended to provide a general overview of R&D eligibility for companies in the biotechnology industry. Through defining key eligibility criteria, as well as outlining specific exclusions and common errors, we aim to facilitate a basic understanding of the Tax Incentive requirements.

## What this guide is not

This guide is not a manual explaining how to submit your registration application. It does not contain complete information regarding the requirements of the R&D Tax Incentive application and should not be your sole point of information should you choose to coordinate your application without professional assistance.

# What are eligible R&D activities?

Before applying to register for the R&D Tax Incentive, businesses are required to assess their eligibility. As stipulated by the ATO, eligible activities must fall under one of two categories: Core R&D Activities and Supporting R&D Activities.

## What are Core R&D Activities?

Core R&D Activities are defined as experimental activities:

“ (a) whose outcome cannot be known or determined in advance on the basis of current knowledge, information or experience, but can only be determined by applying a systematic progression of work that:

- (i) is based on principles of established science; and
- (ii) proceeds from hypothesis to experiment, observation and evaluation, and leads to logical conclusions; and

(b) that are conducted for the purpose of generating new knowledge (including new knowledge in the form of new or improved materials, products, devices, processes or services). ”

### IN A NUTSHELL

Essentially, Core R&D Activities must apply a systematic approach to experimental activities without a known outcome. The experiment must be based on established science with the objective of generating new knowledge. New knowledge may include new or improved materials, products, devices, processes or services.

## What are Supporting R&D Activities?

Supporting R&D Activities are activities directly related to Core R&D Activities. They are not a part of the R&D experiment; however, they must directly support the experiment. Supporting R&D Activities can include things like wages, contractor fees, rent, utilities, equipment and apparatus.

## Eligible activities

To help determine whether your R&D activities might satisfy eligibility requirements, peruse the list below of possible eligible activities.

- ✓ Designing and developing new strategies for biotechnology production, particularly those that are safer, more effective or more efficient

---

- ✓ Improving traditional processes in a new and innovative manner

---

- ✓ Enhancing biotechnology through specialised equipment, processes or additives

---

- ✓ Activities that clearly support the core R&D activities and where any direct commercial benefit from the activity is insignificant

---

- ✓ Implementation of automation to enhance productivity

## Excluded activities

To help determine which activities won't satisfy eligibility requirements, peruse the list below of excluded activities.

- ✓ Activities involving ordinary production runs which are in excess of what is required to conduct the experiment, test the hypothesis and generate new knowledge, where a smaller production run would suffice

---

- ✓ Activities where any knowledge that might be generated has already been developed and its existence is commonly known

---

- ✓ Tests that simply collect data alone

---

- ✓ Commercial, legal and administrative aspects of patenting, licensing or other activities

---

- ✓ Research funded by a third party



# Common application and claim errors

## AS PROVIDED BY GOVERNING BODIES

Through analysing a range of applications, a number of common errors have been observed by the ATO and the Department of Industry, Innovation and Science. Some of these common errors include:

- ✓ No R&D activities are being conducted

---

- ✓ The registered activities include a mixture of eligible R&D activities and ineligible ordinary business activities

---

- ✓ The R&D activities being carried out have transitioned into ordinary business activities

---

- ✓ The R&D activities are not concerned with the generation of new knowledge

---

- ✓ The R&D activities do not involve the application of the scientific method (proving or disproving a hypothesis through experiments)

---

- ✓ The R&D activities address commercial being rather than technical risks

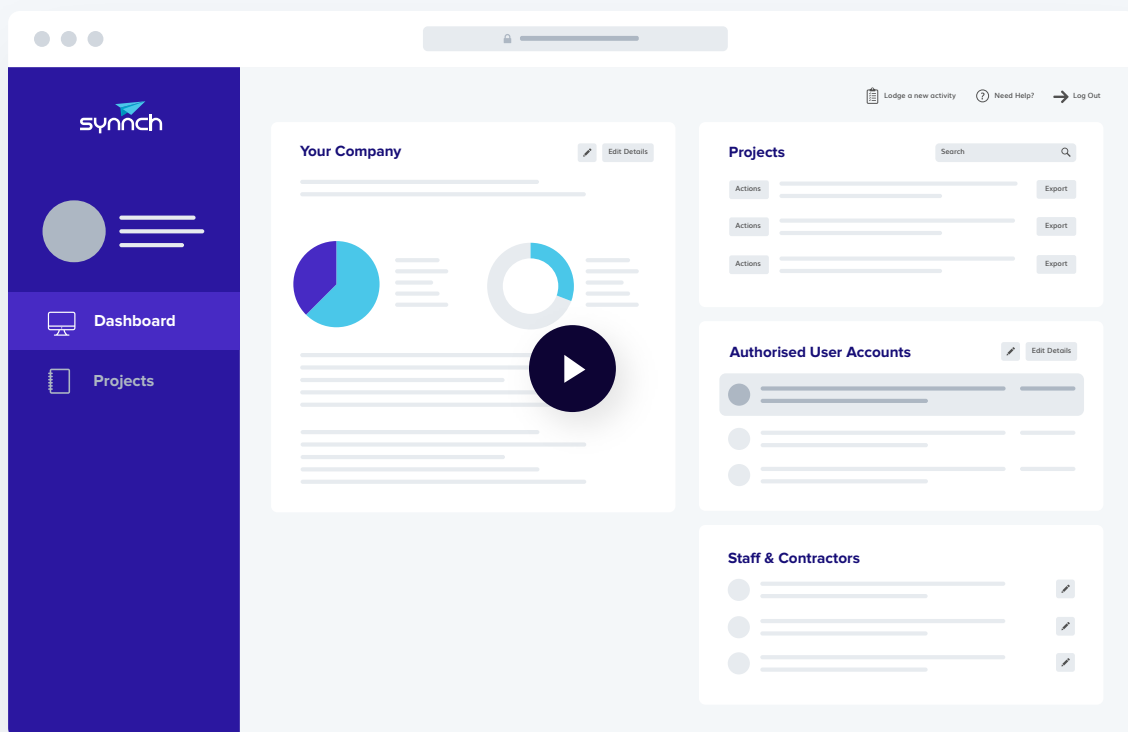


# Maximise your R&D Claim with Synnch

At Synnch, we empower our clients to manage their R&D expenditure to improve their productivity and maximise their R&D tax return.

With an innovative platform to help you record your activities and monitor budgets, weekly progress reminders and monthly check-ins with your dedicated Synnch expert, we ensure you're meeting ATO & AusIndustry compliance standards throughout the entire year.

[SYNNCH IN 60 SECONDS - TAKE THE TOUR](#)



**We'd love to talk to you about how we can work with your R&D team to maximise your claim.**

[Get started now](#)