

R&D TAX INCENTIVE

Contemporaneous Record-Keeping and Data Collection Service

Delivery Process

The research and development (R&D) tax incentive is a self-assessment scheme that requires claimants to maintain unique records to underpin their claims in the event of an audit. Making claims without proper evidence can result in the need to refund any benefit received and pay fines or penalties.

As such, the ATO and AusIndustry have requested all R&D tax agents work more closely with their clients on a contemporaneous basis in the year R&D activities are being conducted to ensure proper records are maintained as required by the R&D tax legislation. Ryan's R&D Tax Incentive practice has adapted its service delivery model to comply with the program's requirements.

Initial Setup

- Conduct a record-keeping audit to identify and fill any gaps within the current records kept to meet upgraded compliance standards
- Identify internal client R&D champions to serve as a technical and financial leader, who will be provided with the tools and trained to maintain the required technical reports and timesheets on a weekly or monthly basis
- Decide whether upgrading the internal records or introducing R&D tracking software is the best option for the contemporaneous recording of data
- Establish a calendar of key dates for the ongoing provision of R&D records to your nominated Ryan consultant/coordinator
- Work with the client to populate either the new R&D project plan template or onboard and train the client R&D champions in using the R&D tracking software, which includes the following five steps:

- 1 Identify the core, supporting, and ineligible project activities and staff within each project to be tracked via timesheets and used to calculate the eligible portion of salaries that will be claimed.
- 2 Provide a new timesheet template sorted by identified activities and staff or set up this process within the R&D tracking software program.
- 3 Design a customised technical reports template for use by the client's R&D technical champion to complete monthly reports or set up reporting within the R&D tracking software.
- 4 Establish how R&D costs will be linked to R&D activities quarterly to confirm the R&D costs are in line with budgeted expectations.
- 5 Create a report that outlines the internal records and processes that have been implemented, the agreed timelines for reporting, and the roles and responsibilities of both the client R&D champions and Ryan's consultative staff.



Ongoing Support and Data Collection

In the initial set-up and training period of 3–6 months, Ryan team members will work with your nominated R&D champions to ensure the upgraded record-keeping processes established are maintained up to the required level. Ongoing support, training, and general guidance will be provided during this initial period.

The nominated client R&D champions should be in a position to provide the following data to Ryan within the first two weeks of the following month: i) weekly timesheets sorted by activity and person for the prior month, ii) a technical report as per the template provided, and iii) ongoing completion of the R&D project plan each time a new project commences.

If using the R&D tracking software, all reporting and timesheets are expected to be completed within 10 business days following the prior month. The R&D tracking software allows a collaborative approach whereby Ryan monitors all inputs to ensure the client's self-assessment is at the required standards.

Ryan will take a proactive approach in ensuring all record-keeping gaps are resolved by checking the data, providing prompts to remind R&D champions to meet the deadlines, providing further training, or filling in the gaps, if required.

Every quarter, Ryan will also require access to the client's Xero accounts or an emailed version of management accounts to enable the linking of R&D costs to R&D activities. This ensures that the budgeted R&D costs will be achieved and sufficient tax losses are in place, if required, for companies expecting the 43.5% cash return.



Key Requirements

- R&D project plan or R&D tracking software
- Timesheet sorted by activity and R&D staff member
- Technical reports
- Management accounts
- Contemporaneous data collection

Learn More

For further information, **please contact our team** of R&D tax incentive experts.

Award-Winning Tax Services

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