



R&D tax credits

Summary of the R&D tax credit

- Valued at 15c for every \$1 of tax deductible R&D incurred in an income year.
- The tax credit will offset the company's tax liability with any surplus credits resulting in a tax refund.
- The regime has been designed to reduce any "claw back" of the tax credit when profits are paid out as dividends.
- Applies from the 2009 tax return.
- KPMG New Zealand – advisory role through the development of regime.

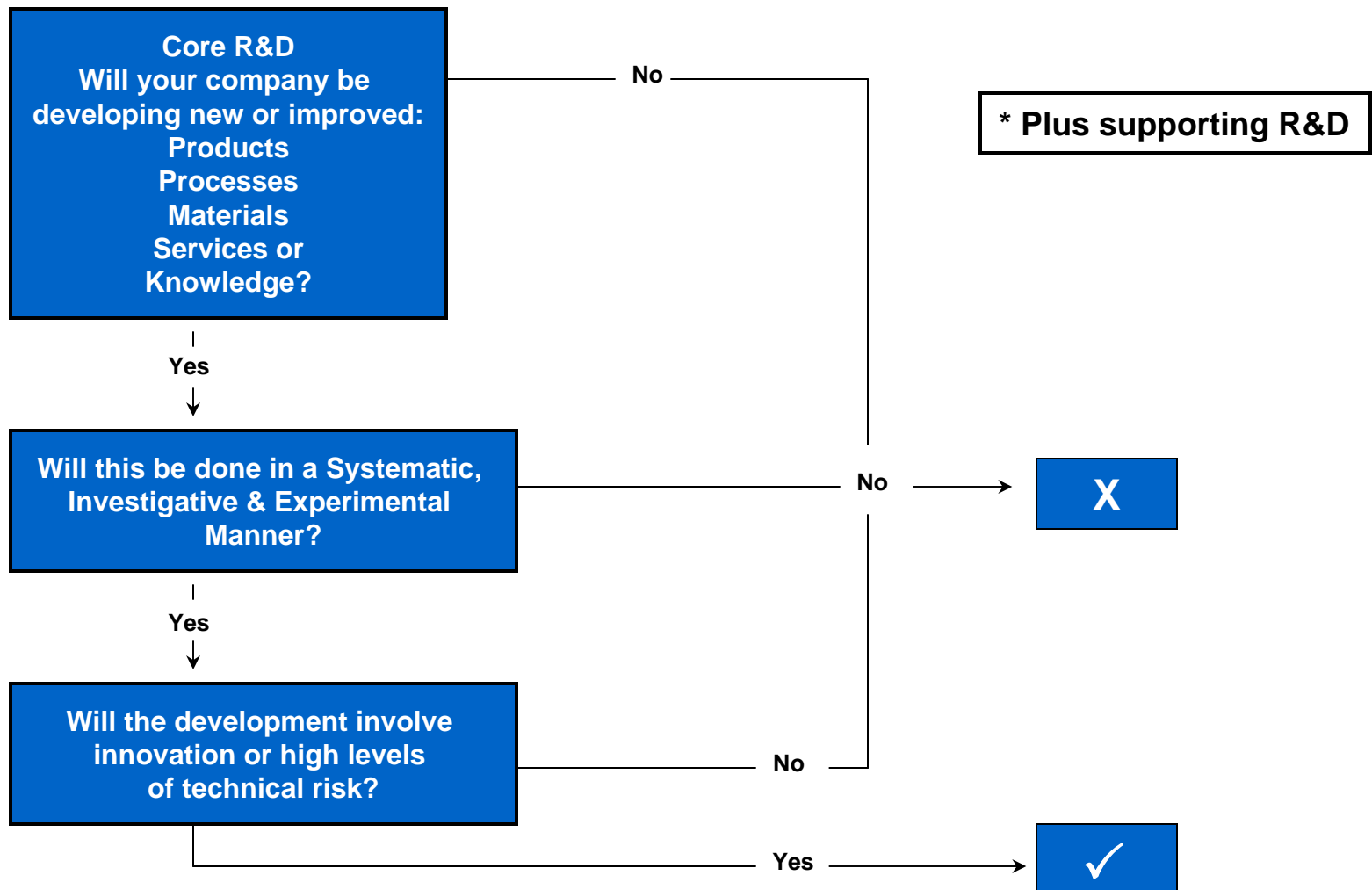
Who gets the credit?

- Everyone (nearly!) – must be in business
- Must bear the risk, control the project and own the results
- Must spend minimum \$20,000 on R&D
- Taxpayers, loss entities, tax exempt entities – all OK
- Not CRI's, Universities, DHBs





What is R&D?



Some indicators of R&D

- Developing a new product/improving an existing one
- Purchase of new plant
- Rectifying production problems
- Changes to improve environment or safety
- Trials, modelling or simulation
- Automation or new techniques

Some examples of R&D

- Environmental R&D – efficiency, recycling, waste water
- Manufacturing – development of new processes to improve production
- Clothing – develop new structures from different fabrics to improve functionality
- Software – new e-commerce services
- Operations – integration and management of network hardware infrastructure
- Financial Services – integration of systems to service capital markets and FX
- Mining/Construction – development of new/improved construction techniques or materials

Summary

- Tax credit available from start of 2009FY
- Maximise your claim – minimise your risk
- Talk to R&D advisers now to help with your planning
- Investment is worthwhile to unleash the value!



KPMG Contacts

Paul McPadden

R&D Partner

+64 4 816 4524

pmcpadden@kpmg.co.nz

Gwenan Riley

R&D Senior Manager

+64 4 816 4755

griley@kpmg.co.nz

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

