Research and development tax incentive schedule instructions 2025

Instructions to help you claim a research and development (R&D) tax offset in the Company tax return 2025.

Published 29 May 2025

Instructions to complete the R&D tax incentive schedule 2025

Instructions for completing the research and development tax incentive schedule.

Completing company information and preliminary calculation

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How to get the Research and development tax incentive schedule 2025

How to get the research and development tax incentive schedule.

Last updated 29 May 2025

Get the research and development tax incentive schedule

Go to **Research and developments tax incentive schedule 2025** on our Publication Ordering Service (POS) at iorder.com.au to get a copy.

Get the R&D tax incentive schedule instructions

The *Research and development tax incentive schedule instructions 2025* are not available in print.

You can create and save a PDF copy (PDF, 972 KB) from this webpage – select the **Print or Download icon** under the page heading then select **PDF whole topic**.

About the Research and development tax incentive schedule

These instructions will help you complete the *Research and development tax incentive schedule 2025*, which in turn will help you complete item **21 Research and development tax incentive** in the Company tax return 2025 (NAT 0656). For more information about the R&D tax incentive, see Research and development tax incentive.

You can use our Research and development tax incentive calculator to help you complete the *Research and development tax incentive schedule 2025*. You can print a copy of the schedule when you have finished using the calculator. This schedule will be accepted for lodgment with an original tax return or an amendment request.

When we refer to 'you' in these instructions, we are referring to the company or the person responsible for completing the *Research and development tax incentive schedule 2025* (NAT 73794).

This publication is not a guide to income tax law. If you feel this publication does not fully cover your circumstances, get help from us or a registered tax adviser.

Continue to: Who must complete a research and development tax incentive schedule?

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Who must complete a research and development tax incentive schedule?

Who must complete the R&D tax incentive schedule and information we must publish about R&D expenditure.

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About who must complete the R&D schedule

You must complete and lodge a *Research and development incentive schedule 2025* if you make a claim at item **21 Non-refundable R&D tax offset** – label **A** or item **21 Refundable R&D tax offset** – label **U** in your *Company tax return 2025* for an R&D tax offset under the R&D tax incentive, Division 355 of the *Income Tax Assessment Act 1997* (ITAA 1997).

If you have additional assessable income in relation to a clawback amount covered by Part B of this schedule, but are not claiming a tax offset under the R&D tax incentive in this year of income:

- you don't need to complete the *Research and development tax incentive schedule 2025*
- you need to work out the clawback amount and include it at item **21 Clawback amounts – additional assessable income** – label **W** and at item **7 Other assessable income** – label **B** in the *Company tax return 2025* (see Part B for information about how you work out your clawback amount).

If you have a deductible balancing adjustment amount covered by Part B of this schedule, but are not claiming a tax offset under the R&D tax incentive in this year of income:

- you don't need to complete the *Research and development incentive schedule 2025*
- you need to work out the catch up deduction for the deductible balancing adjustment and include it at item **21 Balancing adjustments – catch up deduction** – label **X** and at item **7 Other deductible expenses** – label **X** in the *Company tax return 2025* (see Part B for information to work out your deductible balancing adjustment).

Publishing R&D expenditure

We are required to publish a company's claimed R&D expenditure 2 years after the end of the income year. We published the first data report in early October 2024 and we'll continue to publish it annually. For more information, see **R&D tax incentive transparency reports**.

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Who can claim the R&D tax incentive?

Information about eligibility and who can claim the research and development tax incentive.

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Eligibility for R&D tax incentive

You may be **eligible to claim the R&D tax incentive** in your *Company tax return 2025* if you are an R&D entity that has registered its R&D activities with Department of Industry, Science and Resources (DISR) for the 2024–25 income year.

Register your R&D activities before claiming

It is a condition that you register your R&D activities with DISR to be eligible to the R&D tax incentive. You must lodge your application for registration of the activities within 10 months of the end of your income year. For example, if your income year ends on 30 June, then you must register with DISR by 30 April of the following year.

You must register with DISR before you make a claim for the R&D tax incentive on the company's tax return.

Who are the R&D activities conducted for?

Generally, an R&D entity is only entitled to an R&D tax offset if the R&D activities it conducted were for one of the entities below:

- the R&D entity itself
- a foreign corporation that is both
  - **connected with**, or an **affiliate** of, the R&D entity (or the R&D entity is an affiliate of the foreign resident)
  - a resident of a country with which Australia has a comprehensive double tax agreement.

R&D activities that are conducted for a foreign corporation can only be claimed if they are conducted in Australia and pursuant to a written agreement meeting certain conditions between the R&D entity and the foreign corporation.

For more information, see **TA 2023/5** *Research and development activities conducted overseas for foreign related entities*.

Additionally, if the R&D entity is a foreign corporation carrying on business through a permanent establishment in Australia, it may be entitled to an R&D tax offset if the R&D activities are conducted in Australia and for the foreign corporation (and not for the permanent establishment in Australia).

The R&D tax incentive is jointly administered by DISR and the Australian Taxation Office (ATO).

For information about how to register for the R&D tax incentive and about what R&D activities qualify for the incentive:

- go to business.gov.au
- phone DISR on **13 28 46**.

For information about what amounts are eligible for the R&D tax incentive and how to claim, see **Research and development tax incentive**.

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Instructions to complete the R&D tax incentive schedule 2025

Instructions for completing the research and development tax incentive schedule.

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Preparing the R&D tax incentive schedule

These instructions will help you prepare the R&D tax incentive schedule, alternatively you can prepare the schedule using the **Research and development tax incentive calculator**. Lodge this schedule with an original tax return or an amendment request.

Before you start to fill in the schedule, you will need to make certain calculations and complete certain parts of the *Company tax return 2025*:

- item 6 – label Q Total expenses
- Item 7 – label D Accounting expenditure in item 6 subject to R&D tax incentive

Total notional R&D deduction amount

Using **Part A**, calculate your total notional R&D deduction amount to determine if you can claim an R&D tax offset. To be eligible to claim an R&D tax offset, your total notional deductions at Part A must be at least $20,000. If your total notional deductions are less than $20,000, you will only be able to obtain the R&D tax offset for:

- expenditure incurred to a Research Service Provider (RSP) for services within a research field for which the RSP is registered under the *Industry Research and Development Act 1986* (IR&D Act), when that RSP isn't an associate of the R&D entity

- expenditure incurred as a monetary contribution under the Cooperative Research Centre (CRC) program.

Complete a schedule only if one or more of the following apply:

- your total notional deductions are at least $20,000
- you have incurred expenditure to an RSP
- you have made a monetary contribution under the CRC program.

If you only have to report clawback amounts covered by Part B of this schedule:

- you don't complete this schedule
- you record the clawback amounts in the *Company tax return 2025*.

Expenditure to associates

Under the R&D tax incentive, you can only obtain an R&D tax offset for an amount of expenditure incurred to an associate in the income year when that amount is paid. Before completing the *Research and development tax incentive schedule 2025*, you need to determine which amounts you have paid to associates, and when.

For more information, see **Part C – R&D expenditure to associates**.

Consolidated groups

The amounts used in the calculation of the R&D tax incentive for consolidated groups must be worked out on a consolidated basis, with all intra-group transactions eliminated. They must not be calculated on an aggregated basis, by simply adding together the expenditure of each company in the group.

Only one *Research and development tax incentive schedule 2025* is required for a consolidated group, to be completed by the head company. If you were not part of the consolidated group for all of the 2024–25 income year you will also need your own R&D schedule for any part of 2024–25 that you were not in a consolidated group.

Clawback amounts

You have a clawback amount if you claimed a notional deduction under the R&D tax incentive and you:

- have a feedstock adjustment
- received, or have become entitled to receive, an R&D recoupment for expenditure for which you claim the R&D tax offset
- have an assessable balancing adjustment for a tangible depreciating asset used in conducting R&D activities.

If you have a clawback amount, you must work out the amount of additional assessable income that you write in the *Company tax return 2025* at:

- item **21 Clawback amounts – additional assessable income** – label **W**
- item **7 Other assessable income** – label **B**.

For more information, see Part B – Clawback amounts.

Deductible balancing adjustments

You have a catch-up deduction if you have a deductible balancing adjustment for a tangible depreciating asset used in conducting R&D activities.

If you have a deductible balancing adjustment for an R&D asset, you must work out the amount you can claim as an additional catch up deduction that you write in the *Company tax return 2025* at:

- item **21 Balancing adjustments – catch up deduction** – label **X**
- item **7 Other deductible expenses** – label **X**.

For more information, see Part B – Balancing adjustments – catch up deduction.

For further information, see Balancing adjustments for R&D assets.

The balancing adjustment and the catch-up deduction are considered in calculating taxable income in the year the balancing adjustment event happened. They are not notional deductions and are not considered in calculating the R&D tax offset.

Prepayments

Adjust the amount of expenditure incurred in accordance with the prepayment provisions in sections **82KZL** to **82KZMF** of the *Income Tax Assessment Act 1936* (ITAA 1936).

For more information, see **Deductions for prepaid expenses 2025**.

Expenditure incurred while not at arm's length

The amount eligible for a notional R&D deduction is the market value of the R&D activity or of the relevant part if both:

- you incur expenditure to either an **associate** or another party with which you are not dealing at arm's length
- the amount of expenditure incurred exceeds the market value of the relevant R&D activity or of the relevant part of the activity.

Intra-group mark-ups

The amount that you can claim as a notional R&D deduction is reduced to reflect mark-ups for the provision of goods and services relating to one or more R&D activities between connected or affiliated entities.

Before completing the schedule you need to calculate your reduction amount using the method statement in **subsection 355-415(2)** of the ITAA 1997.

Overseas expenditure

You must have a positive overseas finding from DISR before you can claim a notional deduction for expenditure incurred on overseas R&D activities under Division 355 of the ITAA 1997. Sections 28C and 28D of the *Industry Research and Development Act 1986* (IR&D Act) provide information on findings about activities to be conducted outside Australia, including conditions that must be met. You can't claim for expenditure on R&D activities conducted overseas if the activities are conducted for a foreign corporation that is connected or affiliated with you.

For more information about the location of your R&D activities, see:

- business.gov.au

- **TA 2023/5** *Research and development activities conducted overseas for foreign related entities*.

Depreciating assets

Determine amounts that are notionally deductible for decline in value of tangible depreciating assets under **subdivision 355-E** or **section 355-520** of the ITAA 1997, in relation to your R&D activities.

For more information, see **Depreciating assets guide 2025**.

Entitlement requirements

To work out whether you qualify for the refundable or non-refundable tax offset, you need to consider whether you either:

- meet the aggregated turnover threshold
- are controlled by one or more exempt entities.

Regardless of a company's **aggregated turnover**, if one or more **exempt entities** have **direct control** or **indirect control** of the company (with a relevant control threshold of 50%), then the company is only eligible for the non-refundable tax offset.

For more information, see **Calculate your aggregated turnover**.

Expenditure that is not at risk

A company can't claim a notional deduction for expenditure that is not ‘at risk’. Apply **section 355-405** of the ITAA 1997 to reduce your notional deductions by any amount for which you, the company, were not at risk.

TR 2021/5 *Income tax: research and development tax offsets – the ‘at risk’ rule* considers the tests for determining whether a company’s expenditure is at risk.

Core technology expenditure

Expenditure incurred in acquiring technology that is core technology can't be claimed under the R&D tax incentive.

If you are unsure as to whether your particular technology is core technology, you can request a finding from DISR. This finding gives you certainty about whether expenditure incurred in acquiring the technology is excluded under the R&D tax incentive.

Building expenditure

Expenditure can't be claimed under the R&D tax incentive if it is incurred to acquire or construct either:

- a building or a part of a building
- an extension, alteration or improvement to a building.

Interest expenditure

Expenditure incurred for interest (within the meaning of **subsection 128A(1AB)** of the ITAA 1936) payable to an entity can't be claimed under the R&D tax incentive.

Goods and services tax (GST)

Adjust expenditure amounts to exclude any GST input tax credits to which you are entitled (see **Division 27** of the ITAA 1997).

Lodging the schedule

For information on how to lodge your schedule, see **Lodgment**.

Complete all items that apply to you, including yes or no items. If an item (other than a yes or no item) does not apply, leave it blank unless otherwise instructed.

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Completing company information and preliminary calculation

Instructions for completing company information and preliminary calculation.

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Original or amended schedule

If you have already lodged a *Research and development tax incentive schedule 2025*, print **X** in the box at **Amended schedule**. Otherwise, print **X** in the box at **Original**.

Company name

Write the name of the company lodging the *Research and development tax incentive schedule 2025*. The name you write on the schedule must be the same as that shown on the company's tax return.

Tax file number (TFN)

Write the TFN of the company lodging the *Research and development tax incentive schedule 2025*. The TFN you write on the schedule must be the same as that shown on the company's tax return.

DISR – IISA

Write the DISR –Industry Innovation and Science Australia (IISA) registration number issued to you for registered R&D activities for 2024–25. If you are only claiming expenditure incurred to an associate in an earlier income year that you paid in the current year, you need to include your DISR–IISA registration number for the income year that registration was obtained for the related R&D activities. For the period you are part of a consolidated group, only the head company should apply for registration under the R&D tax incentive.

Australian business number (ABN)

Write the ABN of the company lodging the *Research and development tax incentive schedule 2025*. The ABN you write on the schedule must be the same as that shown on the company's tax return.

Preliminary calculation – Add back of R&D accounting expenditure

At label **D Preliminary calculation** write the total of the amounts that you show as expenditure in item **6 Calculation of total profit or loss** in the *Company tax return 2025* that relate to amounts that you are claiming as a notional R&D deduction under the R&D tax incentive provisions. Generally, these amounts include expenditure for accounting purposes on R&D activities, which are used in calculating the R&D tax offset, rather than being claimed as allowable deductions.

The Income and Expenses amounts you show at item **6 Calculation of total profit or loss** are accounting system amounts that correspond to the amounts in your financial statements. Don't include accounting fees here.

At item **D Preliminary calculation** you also need to include amounts that you show as expenditure in item **6 Calculation of total profit or loss** in the *Company tax return 2025* which you have incurred to your associates that are not yet paid or claimed and are to be carried forward. For more information, see Part C – R&D expenditure to associates.

The amount you show at item **D Preliminary calculation** must be the same as the amount you write at item **7 Accounting expenditure** and at item **6 subject to R&D tax incentive** – label **D** in the *Company tax return 2025*.

If you don't show expense amounts for R&D deductions and R&D expenditure to associates to be carried forward at item **6 Calculation of total profit or loss** in the *Company tax return 2025* (if, for example, those amounts are capitalised for accounting purposes) write **zero** at both:

- item **D Preliminary calculation** in the *Research and development tax incentive schedule 2025*
- item **7 Accounting expenditure in item 6 subject to R&D tax incentive** – label **D** in the *Company tax return 2025*.

Continue to: Part A – Calculation of notional R&D deduction

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Part A – Calculation of notional R&D deduction

Instructions for completing Part A – Calculation of notional R&D deduction.

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R&D amounts

Write the notional R&D deduction amounts at Part A in whole dollars only. Don't multiply the amounts in Part A by an offset percentage, do that in Part E – R&D tax offset calculation.

In allocating notional R&D deduction amounts to items **1** to **9** in Part A, choose the item most appropriate to the expenditure or decline in value amount in question.

An R&D entity may be entitled under section 355-100 of the ITAA 1997 to an R&D tax offset for an income year for expenditure it can notionally deduct under sections 355-205, 355-480 or 355-580 of the ITAA 1997. If they are entitled, that expenditure can't be taken into account by any entity in working out:

- a deduction under any other provision for any income year
- another tax offset under any provision for any income year.

An R&D entity may be entitled under section 355-100 of the ITAA 1997 to an R&D tax offset for an income year for the decline in value under sections 355-305 or 355-520 of the ITAA 1997. If they are entitled, the decline in value (to the extent that the asset is used for the purpose of conducting R&D activities) can't be taken into account by any entity in working out:

- a deduction under any other provision (other than for calculating balancing adjustment in Division 355 and sections 40-292 and 40-

293 of the ITAA 1997) for any income year

- another tax offset under any other provision for any income year.

Don't include any amounts at Part A for:

- building expenditure
- interest expenditure
- core technology expenditure
- non-arm's length amounts
- not-at-risk amounts
- group mark-up amounts
- expenditure incurred, but not paid, to associates.

Australian owned R&D column

Write in this column all amounts that relate to R&D activities that you, that is this company, have conducted for yourself, or were conducted for you, where you are a corporation that is either:

- incorporated under an Australian law
- incorporated under foreign law but an Australian resident for income tax purposes.

Foreign owned R&D column

Write in this column all amounts that you (an R&D entity) incurred in conducting one or more R&D activities for another company that is both:

- a foreign corporation
- a resident of a country with which Australia has a comprehensive double tax agreement.

The other company must be connected with the R&D entity, or be affiliated with the R&D entity.

The activities must be conducted in Australia pursuant to a written agreement between you and the other company.

Additionally, write amounts in this column for amounts incurred if the R&D entity is a foreign corporation carrying on business through a permanent establishment in Australia that can be claimed under the R&D tax incentive.

If you are claiming amounts in this column, you will also need to consider other taxation implications in regard to your related-party international dealings. For more information, see **International dealings schedule instructions 2025** and the taxation rulings referred to within that publication.

1 R&D expenditure – Research service provider (RSP)

Write at item **1 R&D expenditure – Research service provider (RSP)** the expenditure you incurred to an RSP, to the extent that it has been incurred on R&D activities.

Apportion your expenditure between R&D activities and other activities that you undertake and show expenditure on **R&D activities only** at this item.

Split the expenditure at item **1** between Australian owned R&D activities – label **A** and foreign owned R&D activities – label **B**.

In most circumstances, expenditure to an RSP is not subject to the $20,000 notional deduction threshold. You will therefore be able to claim an R&D tax offset for this expenditure, regardless of the amount. However, these rules will only apply where:

- the RSP is not an associate of the R&D entity
- the R&D activities are within a research field for which the RSP is registered under the IR&D Act.

2 R&D expenditure – Contract expenditure (not RSP)

Write at item **2 R&D expenditure – Contract expenditure (not RSP)** the amount of expenditure you incurred under a contract to another party (other than an RSP), to the extent that it has been incurred on R&D activities.

Apportion your expenditure between R&D activities and other activities that you undertake. Show expenditure on **R&D activities only** at this item.

Split the expenditure at item **2** between Australian owned R&D activities – Label **C** and foreign owned R&D activities – label **D**.

Don't show any amount at this item for expenditure incurred to an associate. If you have entered into a contract with your associate, you are only eligible to claim the amount incurred in the income year to the extent it is paid. Write amounts paid to an associate at Part A, item 6. You also need to provide further details of expenditure to your associates in **Part C – R&D expenditure to associates**.

To claim this type of expenditure on R&D activities, your total notional deduction amount must be at least $20,000.

For more information, see **Expenditure you incur under contract to other parties**.

3 R&D expenditure – Salary expenditure

Write at item **3 R&D expenditure – Salary expenditure** the amount of salary expenditure you incurred, for all your employees, to the extent that it has been incurred on R&D activities.

The amounts you show at this item include expenditure on salary and wages (and associated on costs) of:

- researchers
- technical employees
- other employees directly working on your R&D activities
- supervisors and managers of the above staff.

Apportion your expenditure between R&D activities and other activities that you undertake. Show expenditure on **R&D activities only** at this item.

Split the expenditure at item **3** between Australian owned R&D activities – label **E** and foreign owned R&D activities – label **F**.

Don't show any amount at this item for expenditure incurred to an associate. If you incurred expenditure to your associate, you are only eligible to claim the amount incurred in the income year to the extent it is paid. Show amounts paid to an associate at Part A, item 6. You also need to provide further details of expenditure to your associates in **Part C – R&D expenditure to associates.**

To claim this type of expenditure on R&D activities, your total notional deduction amount must be at least $20,000.

For more information, see:

- **Salary expenditure on eligible R&D activities**
- **Your notional deduction**

4 R&D expenditure – Other

Write at item **4 R&D expenditure – Other** the expenditure, to the extent that it was incurred on R&D activities, that you are not required to show at any other item of PartA. Types of expenditure to be shown at this item may include:

- administrative costs and overheads incurred on R&D activities
- other expenditure on overseas activities that are covered by a finding made by Industry Innovation and Science Australia under section 28C of the IR&D Act.

Apportion your expenditure between R&D activities and other activities that you undertake. Show expenditure on **R&D activities only** at this item.

Split the expenditure at item **4** between Australian owned R&D activities – label **G** and foreign owned R&D activities – label **H**.

Don't show any amount at this item for expenditure incurred to an associate. If you incurred expenditure to your associate, you are only eligible to claim the amount incurred in the income year to the extent it is paid. Write amounts paid to an associate at Part A Item 6 R&D expenditure – Paid to associates in the current year. You also need to provide further details of expenditure to your associates in Part C – R&D expenditure to **associates**.

To claim this type of expenditure on R&D activities, your total notional deduction amount must be at least $20,000.

For more information, see:

- **Expenditure you can claim**

- Your notional deduction

5 R&D expenditure – Feedstock input expenditure

Write at item **5 R&D expenditure – Feedstock input expenditure** the total amount of R&D expenditure incurred in the income year on acquiring or producing **feedstock inputs** that are transformed or processed during R&D activities in producing one or more tangible products (**feedstock outputs**).

Feedstock input expenditure also includes both:

- the total cost of energy input directly into the transformation or processing
- the decline in value of tangible depreciating assets used in acquiring or producing the feedstock inputs to these R&D activities.

Split your expenditure at item **5** into Australian owned R&D activities – label **I** and foreign owned R&D activities –label **J**.

To claim this type of expenditure on R&D activities, your total **notional deduction** amount must be **at least $20,000**.

Don't write any amount at this item for expenditure incurred to an associate. If you incurred expenditure to your associate, you are only eligible to claim the amount incurred in the income year to the extent it is paid. Show amounts paid to an associate at Part A, item 6. You also need to provide further details of expenditure to your associates in Part C – R&D **expenditure** to associates.

An amount of **Feedstock input expenditure** must not be included elsewhere in Part A. It must be recorded separately from other expenditure types in Part A.

The amount you write at this item may not form part of any feedstock adjustment in 2024–25. However, it will represent expenditure on feedstock inputs and it may be expenditure to be taken into account to work out the amount of feedstock adjustment in the current or a future income year (see **Part B – Clawback amounts – Feedstock adjustments**).

For more information, see **Clawback of feedstock adjustments.**

6 R&D expenditure – Paid to associates in the current year

Write at item **6 R&D expenditure – Paid to associates in the current year** the total amount of expenditure you have paid to your associates in 2024–25, to the extent that it has been incurred on R&D activities. You could include expenditure you have paid to associates in the current year that was either:

- incurred in 2024–25
- incurred in earlier income years starting on or after 1 July 2011.

This is provided you have not claimed this expenditure under other provisions of the ITAA 1936 or ITAA 1997.

Apportion your expenditure between R&D activities and other activities that you undertake. Show expenditure on **R&D activities only** at this item.

Transfer this amount to Part C item **E4 R&D expenditure paid to associates in the current year**.

Split the expenditure at item **6** into Australian owned R&D activities – label **K** and foreign owned R&D activities – label **L**.

To claim this type of expenditure on R&D activities, your total notional deduction amount must be at least $20,000.

If you have incurred expenditure to your associate, but it is not paid in 2024–25, don't include that amount at labels **K** or **L**. For more information about how you treat this expenditure that is incurred but not yet paid, see Preliminary calculation – Add back of research and development (R&D) accounting expenditure and Part C – R&D expenditure to associates.

For more information, see:

- Salary expenditure to your associate
- Payment to your associate in your claim year
- Taxpayer Alert TA 2023/4 *Research and development activities delivered by associated entities.*

7 R&D assets – Decline in value

Write at item **7 R&D assets – Decline in value** the decline in value amount notionally deductible under subdivision 355-E and section 355-520 of the ITAA 1997 for tangible depreciating assets used in R&D activities.

Split your decline in value amount at item **7** into Australian owned R&D activities – label **M** and foreign owned R&D activities – label **N**.

To claim these amounts on R&D activities, your total notional deduction amount must be at least $20,000.

For more information about what amounts may be claimed for 'Decline in value' under the R&D tax incentive, see Decline in value of assets.

9 Cooperative Research Centre (CRC) contributions

Write at item **9 Cooperative Research Centre (CRC) contributions** the amount of expenditure you have incurred as a monetary contribution under the CRC program that you spent on registered R&D activities. Don't include in Part A any amounts incurred out of a monetary contribution or any Commonwealth funding.

Split the incurred expenditure into Australian owned R&D activities – label **Q** and foreign owned R&D activities – label **R**.

Expenditure you incurred as a monetary contribution under the CRC program is not subject to the $20,000 notional deduction threshold. You can therefore claim an R&D tax offset for this expenditure, regardless of the amount.

For more information, see Contributions under the CRC program.

10 Total of allocated notional deductions

Write at item **10 Total of allocated notional deductions** – label **X** the total of the amounts you write at items **1** to **9** in the **Australian owned R&D** column.

Write at item **10 Total of allocated notional deductions** – label **Y** the total of the amounts you write at items **1** to **9** in the **Foreign owned R&D** column.

11 Total notional R&D deduction (X plus Y)

Write at item **11 Total notional R&D deductions (X** plus **Y)** – label **Z** the total of the amounts you write at labels **X** and **Y** in item **10 Total of allocated notional deductions**.

If the amount you write at label **Z** is less than $20,000, you will only be able to claim an R&D tax offset for amounts you write at:

- Item **1 R&D expenditure – Research service provider (RSP)**
- Item **9 Cooperative Research Centre (CRC) contributions**.

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Part B – Clawback amounts

Instructions for completing Part B – Clawback amounts.

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Clawback amounts

You show clawback amounts as additional assessable income to clawback the incentive component of the offset previously claimed.

The following may require clawback adjustments:

- feedstock adjustments
- R&D recoupments
- assessable balancing adjustments.

Feedstock adjustments

A feedstock adjustment applies when you obtain an R&D tax incentive offset for your expenditure incurred on R&D activities, when the expenditure is for feedstock inputs and your activities also produce tangible products for supply to someone else, or to be applied to your own use (other than in transforming such products for supply).

The feedstock adjustment applies to amounts claimed on the following:

- expenditure on goods or materials acquired or produced (feedstock inputs) which are transformed or processed during R&D activities in producing one or more tangible products (feedstock outputs)
- expenditure on energy that is input directly into that transformation or processing
- amounts claimed for the decline in value of tangible depreciating assets used in acquiring or producing feedstock inputs.

The feedstock provisions apply to both core R&D activities and supporting R&D activities that transform or process feedstock inputs. The provisions are not confined to industrial or mass production activities and apply to farming activities.

When a feedstock adjustment is required, you must include an amount in your assessable income. A feedstock adjustment is required in the income year the output is supplied or applied to your own use.

You don't need to complete Part **B** items **1**, **2** or **3** unless your R&D activities have produced a marketable product supplied to someone else, or applied to your own use during 2024–25 (other than in transforming such a product for supply). If your R&D activities have not produced a marketable product supplied to someone else or applied to your own use, go to R&D recoupment.

If you have a feedstock adjustment amount in 2024–25 but are not claiming the R&D tax offset:

- you don't need to complete the *Research and development tax incentive schedule 2025*
- you will still need to work out the additional assessable income resulting from your feedstock adjustment (and any other clawback amount), and include it in the *Company tax return 2025* at both
  - item **21 Clawback amounts – additional assessable income** – label **W**
  - item **7 Other assessable income** –label **B**.

These instructions provide details about how you work out the additional assessable income arising from your feedstock adjustment.

For more information, see Clawback of feedstock adjustments.

1 Feedstock revenue total

Write at item **1 Feedstock revenue total** the total amount of feedstock revenue from all R&D activities, where those activities have produced products supplied to someone else or applied to the R&D entity's own use (other than in transforming such products for supply).

2 Expenditure on feedstock inputs attributable to feedstock output

Write at item **2 Expenditure on feedstock inputs attributable to feedstock output** the total amount of feedstock inputs attributable to feedstock outputs on all R&D activities, if those activities have produced products supplied to someone else, or applied to the R&D entity's own use (other than in transforming such products for supply).

Include in the total amount you write at item **2**:

- the total amount of energy input directly into the transformation or processing
- the decline in value of tangible depreciating assets used in acquiring or producing the inputs to the R&D activities.

3 Feedstock adjustment amount

The amount you write at item **3 Feedstock adjustment amount** – label **B** is the total of all feedstock adjustments that are required to be made for all R&D activities, if those activities have produced products supplied to someone else, or are applied to the R&D entity's own use (other than in transforming such products for supply in the future).

Step 1: Determine which R&D activities have produced marketable products

Step 2: Work out feedstock revenue and notional deductions

For each of the marketable products identified at step 1 above, work out the following amounts:

- **Step 2A** – feedstock revenue for the 2024–25 income year
- **Step 2B** – the total of amounts claimed in the 2024–25 income year and all earlier income years as notional deductions for
  - feedstock inputs attributable to feedstock outputs from each of these R&D activities
  - energy input directly into the transformation or processing
  - the decline in value of tangible depreciating assets used in acquiring or producing the feedstock inputs to these R&D activities.

Step 3: Workout the feedstock adjustment amount

For each of the marketable products identified at step 1 above, determine whether the amount you worked out at step 2A is less than the amount calculated at step 2B. The feedstock adjustment amount for each marketable product will be the lesser of the amounts at steps 2A and 2B.

Step 4: Add together the amounts calculated at step 3 above

Write the total amount at item **3 Feedstock adjustment amount** – label **B**.

If you don't have any R&D recoupments or Assessable balancing adjustments, see Total clawback. Otherwise, continue on to R&D recoupment and Assessable balancing adjustments.

R&D recoupment

You must include an amount in assessable income as a clawback if you (or an entity connected or affiliated with you) both:

- were eligible for the R&D tax incentive
- received or became entitled to receive a government recoupment (such as a government grant or reimbursement) in relation to expenditure that is eligible for an R&D tax offset.

A clawback does not decrease the amount of your notional R&D deductions in Part A.

An R&D recoupment amount arose in 2024–25 if you, or a connected or affiliated entity, either received or were entitled to receive a recoupment from an Australian Government agency, or a state or territory body, and either the following applied:

- the recoupment related to expenditure incurred on certain activities
- the recoupment required expenditure to either be or have been incurred on certain activities
- and that expenditure either
  - was notionally deducted for the R&D tax incentive
  - the decline in value was notionally deducted where the expenditure was for a tangible depreciating asset used in those activities.

Complete this item only if the following apply:

- during 2024–25, you, or a connected or affiliated entity, received or became entitled to receive a government recoupment
- the recoupment relates to an amount you have notionally deducted at Part A **Calculation of notional R&D deductions** in the *Research and development tax incentive schedule 2025* or in earlier income years starting on or after 1 July 2011.

4 Recoupments – entitled to or received

Write at item **4 Recoupment(s) – (entitled to/received)** the total amount of recoupment where the following applies:

- you, or an entity connected or affiliated with you, received or became entitled to receive the recoupment in 2024–25 (other than under the CRC program)

- the recoupment relates to notional R&D deductions for which you have claimed an R&D tax offset in 2024–25 or in earlier income years starting on or after 1 July 2011.

Include only that part of the total amount under a recoupment agreement that was received or became entitled to be received in 2024–25. This may be an annual instalment under the agreement or some other amount that is less than the total agreed amount.

5 R&D expenditure related to recoupments

Write at item **5 R&D expenditure related to recoupment(s)** the total amount you claim as a notional deduction under the R&D tax incentive that relates to the recoupment you write at item **4 Recoupment(s) – (entitled to/received)**. This may include amounts claimed as a notional deduction in 2024–25 or in earlier income years starting on or after 1 July 2011. Don't include R&D expenditure that you have already taken into account to work out the R&D recoupment amount for another recoupment.

If you receive or are entitled to receive a recoupment, section 355-405 may apply to prevent notional deductions from being claimed for R&D expenditure or earlier year associated R&D expenditure that is not at risk. If you can't claim an R&D tax offset for any expenditure related to the recoupment because of section 355-405, that expenditure is not R&D expenditure related to recoupments.

6 Project expenditure for which recoupments paid

Write at item **6 Project expenditure for which recoupment(s) paid** the total project expenditure, for all years of the project, required by the recoupment you write at item **4 Recoupment(s) – (entitled to/received)**. Project expenditure means the total amount of R&D and other expenditure to which the recoupment shown at item 4 relates. This recoupment may be an instalment under the agreement. You will need to consider the terms of the grant or other agreement to work out what the project expenditure is in respect of each recoupment. This may include expenditure to be incurred in a future year.

When you notionally deduct further amounts related to this recoupment under the R&D tax incentive in future years, you will be required to amend your *Company tax return 2025* to include a further amount as additional assessable income. Further amendments will be required until there is no more expenditure related to this recoupment.

7 R&D recoupment amount

Write at item **7 R&D recoupment amount** – label **M** the total of all R&D recoupment amounts that relate to expenditure for which you have claimed a notional deduction under the R&D tax incentive.

Step 1: Identify all recoupments

Identify all recoupments shown at item **4 Recoupment(s) – (entitled to/received)** that you, or an entity connected or affiliated with you, received, or were entitled to receive in 2024–25.

Step 2: Identify any repayments

For each recoupment, identify any repayments you have made at any time, to calculate the net amount of each recoupment.

Step 3: work out expenditure incurred

- **Step 3A** – if a recoupment is of expenditure incurred, the recoupment amount is the expenditure recouped that is claimed as a notional deduction under the R&D tax incentive. This is the amount included at item **5 R&D expenditure related to recoupment(s)** reduced by any repayments of the recoupment.
- **Step 3B** – if a recoupment relates to a project for which you received or are entitled to receive a grant, the terms of which require you to incur or have incurred expenditure, the recoupment amount can't exceed:

  Net amount of the recoupment × (R&D expenditure ÷ project expenditure).

The R&D expenditure is the total amount claimed as notional R&D deductions in relation to the recoupment in 2024–25 and prior income years. This is the amount included at item **5 R&D expenditure related to recoupment(s)**.

The project expenditure is the total expenditure that is required to be incurred on the project under the terms of the grant, including expenditure that will be incurred in future years. This is the amount included at item **6 Project expenditure for which recoupment(s) paid**.

If you received a recoupment in 2024–25 for which project expenditure will be incurred and claimed as a notional deduction in a future year, you will need to, at that future time, amend your *Company tax return 2025* to include a further clawback amount as additional assessable income. Further amendments will be required to the *Company tax return 2025* for each future year that project expenditure is incurred and claimed as a notional deduction, until there is no more expenditure related to the recoupment.

If you incurred and have claimed an R&D tax incentive offset for project expenditure in 2024–25 for a recoupment received in a prior income year, you will have to amend that prior income year to include a clawback adjustment amount.

Step 4: Add up all of the recoupment amounts worked out under steps 1 to 3

Write the total amount at item **7 R&D recoupment amount** – label **M**.

If you don't have any assessable balancing adjustments, go to [Total clawback](). Otherwise, continue on to [Assessable balancing adjustments]().

Assessable balancing adjustments

Follow the instructions below to complete item 8.

8 Assessable balancing adjustment amount

You must complete item **8 Assessable balancing adjustment amount** – label **O** if:

- a balancing adjustment event happens to a tangible depreciating asset used in R&D activities which decline in value deductions were claimed as notional R&D deductions (for example, a disposal of that asset)
- the termination value of the asset at that time (usually the disposal consideration) was greater than the asset's adjustable value (usually its written down value) – if this is not the case, you will need to consider if you have a [deductible balancing adjustment]().

Balancing adjustment events occur when the R&D entity stops holding a depreciating asset, for example when the entity sells the asset for which the termination value will, in most cases be the sale proceeds received by the R&D entity.

Step 1: Work out the asset's value

For each tangible depreciating asset used for R&D activities where you need to make an assessable balancing adjustment, work out the difference between:

- the asset’s termination value
- the asset’s adjustable value (that is, the asset’s then written-down tax value).

The maximum amount for each asset is the difference between the asset's cost and its adjustable value. This difference will usually be the total decline in value for that asset.

Step 2: Work out the total decline in value

- **Step 2A** – for tangible depreciating assets that were wholly used for R&D activities, the amount is the amount calculated in step 1 for the asset.
- **Step 2B** – for assets that were partially used for R&D activities, the amount is calculated as:

  (total R&D deductions ÷ total decline in value) × the step 1 amount for the asset

The total R&D deductions are the total deductions for decline in value claimed as notional R&D deductions in all income years for the asset. The total decline in value is the cost of the asset less its adjustable value.

- **Step 2C** – for tangible depreciating assets used in an R&D partnership and used only for R&D activities, the amount is your partnership proportion of the amount calculated under step 2A for the asset.
- **Step 2D** – for assets partially used for R&D activities in an R&D partnership, the amount is your partnership proportion of the amount worked out in step 2B.

Step 3: Add the total of the amounts calculated in step 2 for each asset

Write this amount at item **8 Assessable balancing adjustment amount** – label **O**.

For further information, see: Balancing adjustments for R&D assets.

The balancing adjustment and the catch-up deduction are considered in calculating taxable income in the year the balancing adjustment event happened. They are not notional deductions and are not considered in calculating the R&D tax offset.

Total clawback

Follow the instructions below to complete item 9.

9 Total clawback – additional assessable income

Write at item **9 Total Clawback – additional assessable income** the additional assessable income resulting from all clawback adjustments. To work it out, use the amounts shown at item **3 Feedstock adjustment amount** – label **B**, item **7 R&D recoupment amount** – label **M** and item **8 Assessable balancing adjustment amount** – label **O**. Work out the amounts apportioned to each offset year for each clawback and add them together.

Step 1: Apportion feedstock adjustment amount to relevant years

For each feedstock adjustment amount worked out at Step 3 of item **3 Feedstock adjustment amount**, apportion the amount across each year that feedstock expenditure in relation to the feedstock adjustment was incurred:

- If, in step 2, the amount at step 2B is less than the amount at step 2A, the apportionment for each year is the 2B amount included in notional R&D deductions for each year.
- If, in step 2, the amount at step 2A is less than the amount at step 2B, you apportion the feedstock revenue across all years in which the R&D notional deductions were claimed in respect of the feedstock, in proportion to those deductions.
- Add up all the feedstock amounts you worked out above for each year.

Step 2: Apportion R&D recoupment amount to relevant years

For each recoupment amount worked out at Step 3 of item **7 R&D recoupment amount**:

- **Step 2A** – if a recoupment amount was a recoupment of expenditure incurred (such as a reimbursement), apportion the recoupment amount across each year, by identifying the expenditure claimed as notional R&D deductions in each year that related to the recoupment.

- **Step 2B** – if a recoupment requires expenditure to be incurred (such as a grant), apportion the recoupment amount across each year: identify the project expenditure claimed as notional R&D deductions in relation to the recoupment in each year, then apply the following formula to those amounts:

  net amount of the recoupment × (R&D expenditure ÷ project expenditure)

  The R&D expenditure is the amount claimed as notional R&D expenditure on the project in the relevant year. The project expenditure is the total expenditure that is required to be incurred on the project under the terms of the grant, including expenditure that will be incurred in future years. The result for each year is the recoupment amount attributable to that year.

- Add up all the recoupment amounts worked out above for each year.

Step 3: Apportion the assessable balancing adjustment amount to relevant years

For each tangible depreciating asset for which there was a balancing adjustment event resulting in an assessable balancing adjustment amount included at Step 3 of item **8 Assessable balancing adjustment amount** – label **O**, apportion the amount worked out at Step 2 of item **8 Assessable balancing adjustment amount** – label **O** across all the years for which decline in value deductions were included in notional R&D deductions.

That is, for each asset for each year work out the assessable balancing adjustment:

> Amount **multiplied by** (decline in value claimed as a notional R&D deduction in that year **divided by** total R&D decline in value).

The total R&D decline in value is the total decline in value claimed as a notional deduction across all the years for which a notional deduction was claimed.

The result for each year is the assessable balancing adjustment amount to be included in the clawback adjustment amount attributable to that year.

Step 4: Add up clawback amounts for each year

For each year that you worked out a clawback amount under any of steps 1, 2 or 3 above (feedstock adjustments, recoupments, or assessable balancing adjustments), add up all the amounts attributable to each year. These are the total clawback adjustment amounts for each year.

Step 5: Work out the deduction amount

Work out the deduction amount for each year. This is the total clawback adjustment amount for the year (as worked out at step 4), multiplied by your corporate tax rate for that year.

Step 6: Work out the offset differential

Work out the offset differential for each year. This is the difference between your original R&D offset entitlement, and what your R&D offset entitlement would have been if the notional R&D expenses had been reduced by the clawback adjustment amount.

- **Step 6A** – if you are eligible for the refundable R&D offset, multiply the total clawback adjustment amount for each year (worked out at step 4) by your R&D tax offset rate for the notional R&D deductions in the respective year that make up your clawback adjustment. The result is your offset difference for each year.
- **Step 6B** – if you are eligible for the non-refundable R&D offset:
  - For each year prior to 2024–25 multiply the total clawback adjustment amount for each year (worked out at step 4) by your R&D tax offset rate for the notional R&D deductions in the respective year that make up your clawback adjustment. The result is your offset differential for each year.
  - For 2024–25
    - Work out the starting offset – this is your R&D tax offset entitlement based on the notional R&D deductions claimed, disregarding any clawbacks or catch up balancing adjustments.
    - Work out the adjusted offset – this is the R&D tax offset you would have been entitled to if you had reduced your notional R&D expenses claimed by the total clawback adjustment amount (as worked out at step 4), disregarding any deductible balancing charge adjustments.

- The offset differential is the starting offset minus the adjusted offset.

Step 7: Work out the amount included in assessable income

Work out the amount you include in your assessable income with this formula:

> (Offset differential **minus** deduction amount) **divided by** your corporate tax rate for 2024–25

- **Step 7A** – add up all the offset differentials for each year as calculated in step 6, and from this total subtract the sum of all the deduction amounts for each year as worked out at step 5. By subtracting the deduction amount, the clawback only applies to the incentive component of the R&D tax offset.
- **Step 7B** – divide the amount calculated in step 7A by your 2024–25 corporate tax rate. Include this amount at item **9 Total clawback – additional assessable income** – label **P**.
- Transfer this amount to your *Company tax return 2025* at item **21 Clawback amounts – additional assessable income** – label **W**. You also include it in the *Company tax return 2025* at item **7 Other assessable income** – label **B**.

For more information, see Clawback of feedstock adjustments.

Deductible balancing adjustments

Follow the instructions below to complete item 10.

10 Balancing adjustments – catch up deduction

You must complete item **10 Balancing adjustments – catch up deduction** – label **Q** if both:

- a balancing adjustment event happens to a tangible depreciating asset, used in R&D activities, for which decline-in-value deductions (that is, depreciation deductions) were claimed as notional R&D deductions
- the termination value of the asset at that time was less than the asset's adjustable value.

Step 1: Work out the difference between the termination value and the adjustable value

For each tangible depreciating asset used in R&D activities where you need to make a deductible balancing adjustment, work out the difference between the termination value and the adjustable value of the asset.

Step 2: work out the total decline in value

- **Step 2A** – for tangible depreciating assets that were wholly used for R&D activities, the amount is the amount you worked out in step 1 for the asset.
- **Step 2B** – for assets that were partially used for R&D activities, you work out the amount as:

    (total R&D deductions ÷ total decline in value) × step 1 amount

The total R&D deductions are the total deductions for decline in value of the asset that were claimed as notional R&D deductions in all years. The total decline in value is the cost of the asset less its adjustable value.

- **Step 2C** – for tangible depreciating assets used in an R&D partnership and used only for R&D activities, the amount is your partnership proportion of the amount calculated under step 2A for the asset.
- **Step 2D** – for assets partially used for R&D activities in an R&D partnership, the amount is your partnership proportion of the amount worked out in step 2B.

Step 3: Work out the deductible balancing adjustment amount

For each balancing adjustment event resulting in a deductible balancing adjustment amount, apportion the sum of the amount worked out in step 2 across all the years that decline in value deductions were claimed as notional R&D deductions. For each year work out the following:

> deductible balancing adjustment amount × (decline in value claimed as a notional R&D deduction in that year ÷ total R&D decline)

The total R&D decline in value is the total decline in value claimed as a notional deduction across all the years for which a notional deduction was claimed.

The result for each year is the deductible balancing amount attributable to that year.

Step 4: Work out the total deductible balancing adjustment amounts for each year

For each asset and each year that has a deductible balancing adjustment amount as worked out under step 3, add up all the amounts attributable to each year. These are the total deductible balancing adjustment amounts for each year.

Step 5: Work out the deduction amount for each year

This is the total deductible balancing adjustment amount for the year (as worked out at step 4), multiplied by your corporate tax rate for that year.

Step 6: Work out the offset differential for each year

This is the difference between your original R&D offset entitlement, and what your R&D offset entitlement would have been if the notional R&D expenses had been increased by the deductible balancing adjustment catch up deduction:

- **Step 6A** – if you are eligible for the refundable R&D offset, multiply
  - the total deductible balancing adjustment amount for each year (worked out at step 4) by
  - the R&D tax offset rate received for notional R&D deductions in the respective year.

  The result is your offset differential for each year.
- **Step 6B** – if you are eligible for the non-refundable R&D offset
  - For each year prior to 2024–25, multiply the total deductible balancing adjustment amount for each year (worked out at step 4) by the R&D tax offset rate received for notional R&D deductions in the respective year (the result is your offset differential for each year).
  - For 2024–25 work out the following
    - Work out the starting offset – if you had no clawback adjustments, the starting offset is your R&D tax offset entitlement based on the notional R&D deductions you claim. If you had a clawback adjustment, the starting offset is the

adjusted offset calculated at Step 6 of item **9 Total clawback – additional assessable income** – label **P**.

- Work out the adjusted offset – this is the R&D offset you would have been entitled to if the amount you claimed as notional R&D expenses and total expenses were increased by the total deductible balancing adjustment amount attributable to 2024–25 (as worked out at step 4).

- Work out the offset differential – that is, the adjusted offset subtract the starting offset.

Step 7: Work out the amount to be claimed as a catch up deduction

Work out the amount to be claimed as a catch up deduction for 2024–25 using the following formula:

(offset differential – deduction amount) ÷ your corporate tax rate for 2024–25

- **Step 7A** – add up all the offset differentials for each year as calculated in step 6, and subtract the sum of all the deduction amounts for each year as worked out at step 5.
- **Step 7B** – divide the amount worked in step 7A by your corporate tax rate in 2024–25 – show this amount at item **10 Balancing adjustments – catch up deduction** – label **Q**.
- Transfer this amount to the *Company tax return 2025* at item **21 Deductible balancing adjustments** – label **X**. Include this amount in the *Company tax return 2025* at item **7 Other deductible expenses** – label **X**.

Continue to: Part C – R&D expenditure to associates

Return to: Part A – Calculation of notional R&D deduction

Part C – R&D expenditure to associates

Instructions for completing Part C – R&D expenditure to associates.

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R&D tax offset for expenditure to associates

Under the R&D tax incentive, you can only obtain an R&D tax offset for expenditure incurred to an **associate** when that amount is paid. If you don't pay the amount until a later income year, you can choose to do either of the following:

- claim a deduction under a normal income tax provision if that provision applies – for example, the general deduction provision, **section 8-1** of the ITAA 1997, for the income year in which the amount was incurred
- claim a notional R&D deduction in the income year you make the payment.

This choice must be made by the time you lodge your income tax return for the most recent income year before the income year in which the payment is made.

If you claim a deduction for this expenditure under the first choice you will no longer be entitled to claim a notional R&D deduction for that deducted expenditure in the income year you make the payment. This can't be reversed, for example, you can't claim the notional R&D deduction by requesting an amendment of the assessment to disallow the deduction you previously claimed. In addition to claiming this amount as a deduction in the *Company tax return 2025*, you will also need to record this expenditure that you have claimed under other income tax provisions in Part C item **3**.

If you wish to claim the expenditure under the second choice, you will need to show it at Part C item **5 R&D expenditure incurred to associates to be carried forward**. If you have included the amount of R&D expenditure incurred to associates to be carried forward in item **6 Calculation of total profit or loss** in the *Company tax return 2025*, add this amount back at item **D Preliminary calculation** to ensure you don't also claim this amount as a deduction under the normal income tax provisions.

You make payment if or when you:

- pay the amount in cash or cash equivalent, for example, a bank transfer of money for the amount you owe
- transfer money to someone else at the direction of the person you are paying
- agree with the other person to set off the amount you owe against an existing amount the other person owes to you.

Without more, the mere treatment of an invoice as having been paid in your accounts, for example by recording the amount as a loan you now owe, is not the payment of that amount. Converting or reclassifying an amount you owe into a loan is not payment of the liability.

For more information, see: Taxpayer Alert TA 2023/4: *Research and development activities delivered by associated entities*.

E1 R&D expenditure to associates incurred in prior year

Write at item **E1 R&D expenditure to associates incurred in prior year, not paid, not claimed (carried forward)** the total amount of R&D expenditure you have incurred to your associates in earlier income years starting on or after 1 July 2011 that has not yet been paid or claimed. This amount is carried forward from earlier income years.

E2 Current year R&D expenditure incurred to associates

Write at item **E2 Current year R&D expenditure incurred to associates** the total amount of R&D expenditure you have incurred to your associates in 2024–25, including amounts that have not yet been paid.

E3 Current year R&D expenditure incurred to associates – other provisions

Write at item **E3 Current year R&D expenditure incurred to associates claimed under other provisions** the total amount of R&D expenditure you have incurred to your associates in 2024–25, but claimed under other provisions of the ITAA 1936 or ITAA 1997 where the amount was not paid in 2024–25.

If you claim a deduction for this expenditure under another provision of the ITAA 1936 or ITAA 1997, you will no longer be entitled to claim a notional R&D deduction in the year you make the payment. This choice can't be reversed, for example, you can't later ask for an amendment of the assessment to disallow the deduction you claimed.

If you choose to claim your associate expenditure under another provision of the ITAA 1936 or ITAA 1997, don't add this expenditure back at either:

- item **D Preliminary calculation** on page 1 of the *Research and development tax incentive schedule 2025*
- item **7 Accounting expenditure in item 6 subject to R&D tax incentive** – label **D** in the *Company tax return 2025*.

Expenditure to your associate claimed under another provision of the ITAA 1936 or ITAA 1997 should be treated the same as other expenditure claimed under that provision within the *Company tax return 2025*.

E4 R&D expenditure paid to associates in the current year

Write at item **E4 R&D expenditure paid to associates in the current year (to be included in Part A at item 6)** the total amount of R&D expenditure you have paid to your associates in 2024–25. This could include amounts you have incurred in 2024–25, or amounts you have incurred in earlier income years starting on or after 1 July 2011, that have been paid in 2024–25 and that you have not previously claimed as a deduction under other provisions of the ITAA 1936 or ITAA 1997. The amount at item **E4** should be equal to the amount you have shown at Part A item **6 R&D expenditure – Paid to associates in the current year**.

5 R&D expenditure incurred to associates – carried forward

If you have incurred expenditure to an associate during 2024–25 or in earlier income years starting on or after 1 July 2011, you will be entitled to carry the amount forward and claim it as a notional R&D deduction in the year you make the payment to your associate if you have not either:

- paid the amount
- claimed it under another provision of the ITAA 1936 or ITAA 1997.

Work out the amount you write at item **5 R&D expenditure incurred to associates to be carried forward** – label **E** using **Worksheet 1**.

Worksheet 1: work out the amount you show at E R&D expenditure incurred to associates to be carried forward

Row	Calculation element	Amount
E1	R&D expenditure incurred to associates in prior years not paid, not claimed (carried forward)	$
E2	Current year R&D expenditure incurred to associates	$
E3	Current year R&D expenditure incurred to associates claimed under other provisions	$
E4	R&D expenditure paid to associates in the current year (to be included in Part A at	$

	item 6)	
E	**E1 + E2 − E3 − E4 = E** R&D expenditure incurred to associates to be carried forward	$

Write the total from **E** on **Worksheet 1** above in Part C item **5** label **E R&D expenditure incurred to associates to be carried forward**.

If you have already included this expenditure incurred to associates to be carried forward in item **6 Calculation of total profit or loss** in the *Company tax return 2025*, include this amount also in item **D Preliminary calculation**.

Continue to: Part D – Aggregated turnover

Return to: Part B – Clawback amounts

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Part D – Aggregated turnover

Instructions for completing Part D – Aggregated turnover.

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On this page

1 Do you have exempt entity ownership of 50% or greater

Regardless of a company's aggregated turnover, the company is only eligible for the non-refundable tax offset if one or more **exempt entities** have **direct control** or **indirect control** of the company (with a relevant control threshold of 50%).

If your company is controlled by one or more income tax-exempt entities, print **X** at **Yes** and go to Part E items **1 Additional information** and **3 Non-refundable R&D tax offset**. You don't need to complete Part D items **2** and **3**.

If your company is not controlled by one or more income tax exempt entities, print **X** at **No** and go to item **2**.

2 Do you have an aggregated turnover of $20 million or greater

If your aggregated turnover is $20 million or greater, you are eligible for the non-refundable tax offset.

If your company has an aggregated turnover of $20 million or greater, print **X** at **Yes** and go to Part E items **1 Additional information** and **3 Non-refundable R&D tax offset**. You don't need to complete Part D item **3**.

If you have an aggregated turnover of less than $20 million, print **X** at **No**. You must complete Part **D** item **3** and Part **E** item **1 Additional information** and item **2 Refundable R&D tax offset**. You don't need to complete Part **E** item **3**.

3 Aggregated turnover is less than $20 million

Show details for your company and all entities connected with you, or that were your affiliates, during 2024–25.

Write at item **3a** your **annual turnover**, as defined in **section 328-120** of the *ITAA 1997*.

Write at items **3b**, **c** and **d**:

- the name of each entity connected with you, or which was your **affiliate**
- the tax file number (not required for overseas entities)

- the amount of each entity's **annual turnover**, as defined in **section 328-120** of the ITAA 1997.

If you are connected or affiliated with more than 3 other entities:

- show the 3 entities with the greatest annual turnover at items **3b**, **c** and **d**; attach an additional table, showing the name, tax file number and annual turnover of your other entities
- add up the annual turnovers of the entities listed on the additional table, and include that total in the annual turnover total you write at row **e**.

To work out the aggregated turnover, you make an adjustment if any amount you write in the **Annual turnover** column relates to:

- ordinary income derived from dealings between you and an entity you have listed in item **3**
- ordinary income derived from dealings between 2 or more other entities you have listed in item **3**
- ordinary income derived by entities you have listed in item **3** while they were not connected with you and were not your affiliates.

At row **f**, write the total amount included in the **Annual turnover** column which requires such an adjustment.

Work out the amount you write at **AT Aggregated turnover** using **Worksheet 2** below.

Worksheet 2: Amount to show at AT Aggregated turnover

Row	Calculation element	Amount
a	Your turnover	$
b	Connected or affiliated entity 1 turnover	$
c	Connected or affiliated entity 2 turnover	$
d	Connected or affiliated entity 3 turnover	$
e	Connected or affiliated entities turnover total	$

	from your additional table	
f	Adjustment required due to exclusions from the aggregated turnover	$
AT	Aggregated turnover (a + b + c + d + e – f)	$

Continue to: **Part E – R&D tax offset calculation**

Return to: **Part C – R&D expenditure to associates**

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Part E – R&D tax offset calculation

Instructions for completing Part E – R&D tax offset calculation.

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On this page

R&D tax incentive core components

The R&D tax incentive has the following core components:

- For eligible entities with an aggregated turnover of less than $20 million, a refundable tax offset, unless they are controlled by one or more tax exempt entities. The offset is equal to your corporate tax rate plus an additional premium rate of 18.5%.

- For all other eligible entities, a non-refundable tax offset. The offset is equal to your corporate tax rate plus a premium rate based on the level of incremental R&D intensity (the R&D expenditure as a proportion of total expenses). The premium rate is either 8.5% (0-2% intensity) or 16.5% (greater than 2% intensity). An R&D entity's 'intensity' is determined as its notional R&D expenditure as a proportion of total expenditure for the income year.
- If your notional R&D deductions exceed $150 million for an income year, the rate of the R&D tax offset is reduced to the company tax rate for the portion over $150 million.

Part E helps you work out:

- which offset you are entitled to
- the amount of R&D tax offset you claim at item **21 Research and development tax incentive** in the *Company tax return 2025*.

For more information, see Refundable and non-refundable tax offsets.

1 Additional information

Write your corporate tax rate at item **1 Tax rate** – label **R**. This will be either:

- 25% if you are a base rate entity
- 30% for all other companies.

2 Refundable R&D tax offset

If you answered No to Part D items **1** and **2** and your notional deductions calculated under Part A item **11** – label **Z** total $20,000 or more, you can claim the refundable R&D tax offset.

If your notional deductions calculated under Part A item **11** – label **Z** total less than $20,000, then you are only entitled to a tax offset for notional deductions in relation to expenditure under both:

- Part A items **1A** and **1B R&D expenditure – Research service provider (RSP)**
- Part A items **9Q** and **9R Cooperative Research Centre (CRC) contributions**.

Work out your refundable R&D tax offset

Step 1: Determine the amount to show at label Z1

Write at **Z1 Total notional R&D deductions** the amount you show in Part A item **11 Total notional R&D deductions** – label **Z**.

Step 2: Calculate your initial offset amount

If the amount at label **Z1** is:

- $150 million or less, multiply the amount at label **Z1** by your corporate tax rate plus 18.5% – this is your offset amount
- greater than $150 million
  - multiply $150 million by your corporate tax rate plus 18.5%
  - multiply the excess over $150 million by your corporate tax rate
  - the total of these 2 amounts is your offset amount.

Write your refundable tax offset at item **2 Refundable R&D tax offset** – label **U**. Transfer this amount to the *Company tax return 2025* at item **21 Refundable R&D tax offset** – label **U**.

You don't need to complete item **3**.

Item 3 Non-refundable R&D tax offset

If you answered Yes to Part D item **1** or item **2** and your notional deductions calculated under Part A item **11** – label **Z** total $20,000 or more, you can only claim the non-refundable R&D tax offset.

If your notional deductions calculated under Part A item **11** – label **Z** total less than $20,000, then you are only entitled to a tax offset for notional deductions for expenditure under:

- Part A items **1A** and **1B R&D expenditure – Research service provider (RSP)**
- Part A items **9Q** and **9R Cooperative Research Centre (CRC) contributions**.

Write at **Z2 Total notional R&D deductions** the amount shown at Part A item **11** – label **Z**.

Work out the non-refundable R&D tax offset

Step 1: Work out the R&D entity total expenses

- start with the amount you show in the *Company tax return 2025* at item **6 Total expenses** – label **Q**, subtract any amount that was already included at item **6** – label **Q** in a prior year
- subtract the amount you show in the *Company tax return 2025* at item **7 Accounting expenditure in item 6 subject to R&D tax incentive** – label **D**
- add the amount you show at Part A item **11 Total notional R&D deductions (X plus Y)** – label **Z** in this *Research and development tax incentive schedule 2025*, subtract any amount that was included at item **11** – label **Z** in a prior year.

Write this amount at item **3 R&D entity total expenses** – label **V**.

Step 2: Determine your label Z2 amount

If your item **Z2 Total notional R&D deductions** are:

- less than or equal to $150 million, **Z2** is your step 2 amount
- greater than $150 million
  - $150 million is your step 2 amount
  - your notional deductions amount subtract $150 million is your **C1** amount.

Step 3: Work out the amount to show at item 3 R&D intensity – label W

- Divide your step 2 amount by your step 1 amount to 4 decimal places.
- Multiply the result by 100 – to express it as a percentage to 2 decimal places.
- Write the percentage at item **3 R&D intensity** – label **W**.

Step 4: Populate the notional deductions applied column A1 and B1

If your step 3 percentage is 2% or less, show your step 2 amount at **A1**.

If your step 3 percentage is greater than 2%:

- at **A1**, write your R&D entity total expenses multiplied by 2%
- at **B1**, write your step 2 amount minus the amount at **A1**.

Step 5: Working out A2, B2 and C2

- To work out **A2**, multiply **A1** by the total of item **1 Tax rate** – label **R** plus 8.5%.
- To work out **B2** if you have an amount at **B1**, multiply **B1** by the total of item **1 Tax rate** – label **R** plus 16.5%.
- To work out **C2** if you have an amount at **C1**, multiply **C1** by item **1 Tax rate** – label **R**.

Step 6: Add up the amounts at A2, B2 and C2

Write the total at item **3 Non-refundable R&D tax offset** – label **A**.

Write your non-refundable tax offset at item **3 Non-refundable R&D tax offset** – label **A**. Transfer this amount to the *Company tax return 2025* at item **21 Non-refundable R&D tax offset** – label **A**.

Continue to: Taxpayer's declaration and lodgment

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Taxpayer's declaration and lodgment

Complete the declaration and lodge the research and development tax incentive schedule 2025.

Last updated 29 May 2025

Lodgment

Complete and lodge the *Research and development tax incentive schedule 2025* with the *Company tax return 2025*. See How to lodge your company tax return and pay.

If you request an amendment

If your company has made a request for an amendment that includes changes to its R&D claim, you must complete a *Research and* *development tax incentive schedule 2025* showing the amended figures. Send this schedule, with a letter requesting the amendment to:

Australian Taxation Office
PO Box 3004
PENRITH NSW 2740

Continue to: Instructions to complete the R&D tax incentive schedule 2025

Return to: How to get the Research and development tax incentive schedule 2025

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