

R&D Tax Incentive Eligibility Summary for Levy Payers

The R&D Tax Incentive is a government program offering tax offsets for *eligible* R&D activities and expenditure. It encourages investment in innovation that generates new knowledge, processes, or products.

Hort Innovation is now a registered Research Service Provider (RSP). A RSP is an organisation registered with AusIndustry to undertake R&D activities on behalf of others. This means that some levy-funded R&D projects may be eligible for tax offsets.

Please note that *eligibility* for the R&D Tax Incentive is determined by the definition of R&D under the *Income Tax Assessment Act 1997 (Cth)*, which is narrower than the definition used under the *Primary Industries Levies and Charges Disbursement Act 2024 (Cth)*. As a result, not all R&D activities may qualify for the tax offset.

For information on the R&D Tax Incentive visit the ATO website [here](#).

Who Can Apply

To be eligible, the organisation must be an **R&D entity**, which includes:

- Companies incorporated in Australia.
- Foreign companies that are Australian tax residents.
- Foreign companies operating in Australia through a permanent establishment.

Not eligible:

- Individuals
- Corporate limited partnerships
- Exempt entities (with entirely tax-exempt income)
- Trusts (except public trading trusts with corporate trustees)

Application Process

- Applications must be submitted to **AusIndustry** within **10 months** after the end of the financial year in which the R&D occurred.
- Registration does **not guarantee eligibility**.
- Applicants must **self-assess** their activities and maintain detailed records. To support with this requirement, Hort Innovation has assessed all activities funded by levy, and maintains all detailed records.

Key Dates

- **FY25 application deadline:** 30 April 2026

Eligible R&D Activities

Activities must fall into one of two categories:

1. Core R&D Activities

- Experimental activities with outcomes that **cannot be known in advance**.
- Must follow a scientific method: hypothesis → experiment → observation → evaluation → conclusion.
- Aimed at generating **new knowledge**.

2. Supporting R&D Activities

- Must be directly related to a core R&D activity.
- Must be conducted for the **dominant purpose** of supporting core R&D.

Ineligible activities may include (examples only):

- Routine testing or quality control
- Market research or consumer surveys
- Prospecting, exploring or drilling for minerals or petroleum
- Management studies or efficiency surveys
- Software development for internal business use (unless it meets core R&D criteria)
- Commercial production or scaling of prototypes
- Data collection without experimental purpose

Support Resources

To support levy payers in completing their application, Hort Innovation has developed the following materials :

- **Application Notes:** Project descriptions required in the application process for each industry.
- **Eligible R&D Tax Rates:** identifying the proportion of R&D activities undertaken that meet the narrow definition of R&D under the Income Tax Assessment Act 1997 (Cth).
- **FAQ:** Common questions on the R&D Tax Incentive program.

Important disclaimers

While we aim to provide accurate and helpful information, this communication and any subsequent information provided to you, does not constitute financial, taxation or legal advice. Further Hort Innovation does not provide application services.

We strongly recommend that you seek independent advice from qualified financial or professional advisors to assess your individual circumstances and to address any questions that you may have. The information provided by Hort Innovation to you to support your application (e.g. the Project Descriptions), as well as information in any support resources is for general informational purposes only and is provided "as is" without any representations or warranties, express or implied. While every effort has been made to ensure the accuracy and completeness of the information, Hort Innovation makes no guarantees regarding its reliability, accuracy, or completeness. Users of this information do so at their own risk. To the extent allowed by law, Hort Innovation will not be held liable for any errors or omissions, or for any actions taken based on the information provided. For complete and up-to-date information on eligibility and application processes, please refer to the Australian Taxation Office (ATO) website.

Next Steps

If you are interested in submitting an application as a levy payer:

- Seek independent advice from qualified financial or professional advisors to assess your individual circumstances, and to provide the support your need to submit an application;
- Email RSP@horticulture.com.au if you have any questions. 
- Make sure your application is submitted by 30 April 2026 this year, and by 30 April of each subsequent year.

Frequently Asked Questions (FAQs)

1. What is the R&D Tax Incentive?

The R&D Tax Incentive is an Australian Government program that provides a tax offset for eligible R&D activities and expenditure. It is designed to encourage businesses to invest in R&D that generates new knowledge, processes, or products.

2. Who is eligible and how do I claim the R&D Tax Incentive?

Eligibility is determined by AusIndustry and the Australian Taxation Office (ATO). To claim the R&D Tax Incentive, a business must:

- Be an eligible R&D entity (e.g. a company incorporated in Australia).
- Register their R&D activities with AusIndustry **each year**.
- Lodge an R&D schedule with their company tax return to the ATO.

Further information and step-by-step instructions are available on the <https://business.gov.au> website.

3. What is a Research Service Provider (RSP)?

A Research Service Provider (RSP) is an organisation registered with AusIndustry to undertake R&D activities on behalf of others. RSPs have the necessary skills, expertise, and facilities to deliver high-quality research.

Hort Innovation is a registered RSP and fund providers to undertake R&D activities for the benefit of levy payers.

4. Do I need to register with Hort Innovation to claim the R&D Tax Incentive?

No. You do not need to register separately with Hort Innovation. All claims are managed through the AusIndustry registration process and the ATO R&D schedule in your tax return.

Hort Innovation provides Project Descriptions and eligible R&D tax rates to assist levy payers with their claims.

5. What are Project Descriptions?

Project Descriptions provide levy payers with details of R&D activities delivered by Hort Innovation. They outline the scope of work undertaken, the purpose of the activities, and the proportion of levy funds attributed to eligible R&D. The Project Descriptions are provided by RSP's to enable levy payers prepare their R&D Tax Incentive claims.

6. How do I use the Project Descriptions in my claim?

When preparing an Application for Registration of R&D Activities, you will need to provide written descriptions of your R&D activities. The Project Descriptions published by Hort Innovation reflect the levy-funded R&D activities undertaken by Hort Innovation.

7. Can I use these Project Descriptions word-for-word in my AusIndustry registration?

The Project Descriptions are provided to enable levy payers to describe the levy-funded R&D activities. You may adapt them to accurately reflect your participation.

8. Why aren't all of my levy eligible for the R&D Tax Incentive?

Not all levy-funded activities qualify as R&D under the program. Eligibility for the R&D Tax Incentive is determined by the definition of R&D under the Income Tax Assessment Act 1997 (Cth), which is narrower than the definition used under the Primary Industries Levies and Charges Disbursement Act 2024 (Cth). As a result, not all R&D activities may qualify for the tax offset.

9. What levy funds are covered by this R&D tax rate?

The eligible R&D tax rate applies only to the statutory industry levies managed by Hort Innovation that are directed to eligible R&D activities. It does not apply to marketing, biosecurity, or other non-R&D levy expenditure.

10. Is there a minimum spend required?

No. There is no minimum amount of levy contribution required to make a claim. If your company is eligible for the R&D Tax Incentive and you have paid levies for R&D activities, you may claim the eligible proportion of your levy contributions, regardless of the total amount paid.

11. What if my business pays levies into multiple industries?

If your business pays levies across different industries, you will need to apply the published eligible R&D tax rate for each industry separately, based on the amount of levy paid in that industry.

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13. How are the eligible R&D tax rates calculated?

The eligible R&D tax rate represents the proportion of total levy funds directed to eligible R&D activities for your industry. It is calculated by Hort Innovation based on audited expenditure and reviewed against the R&D Tax Incentive legislation. This rate is published annually.

The levy apportionment rate for each levy period has been calculated based upon the proportion of each levy rate attributable to R&D paid to HIA as published by DAFF and the proportion of the actual total project expenditure attributable to eligible R&D Tax Incentive (R&DTI) core and support activities for the relevant period. For Collective Industry Fund (CIF) levies, Hort Innovation receives 100% of levy payments.

The formula applied is as follows:

$$R&DTI \text{ Eligible Rate on Levy Payments} = \frac{R&D \text{ Investment Rate}}{\text{Total Levy Rate}} * \frac{\text{Total Levy Spend}}{\text{Total Levy Project Spend}}$$

14. When will the eligible R&D tax rates be updated?

Eligible R&D tax rates are reviewed and updated annually by Hort Innovation once audited expenditure is finalised.

15. How do I find the levy amount my business has paid?

Your levy payments are recorded in your own levy return records or invoices provided to you when levies are remitted. Hort Innovation does not provide individual levy payment statements. You should retain these records for tax purposes.

16. Do I need to keep records of my levy payments?

Yes. You should keep levy payment records and any supporting tax information. These records may be requested by the ATO if your R&D Tax Incentive claim is reviewed or audited.

17. Do I need to prove that I personally used the research outcomes?

No. Eligibility is based on your levy contributions and Hort Innovation's delivery of R&D activities that meet the legislative definition of R&D.

18. Should I see an accountant or financial adviser to assist me with the application?

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The information provided by Hort Innovation to you to support your application (e.g. the Project Descriptions), as well as information in any support resources is for general informational purposes only and is provided "as is" without any representations or warranties, express or implied. While every effort has been made to ensure the accuracy and completeness of the information, Hort Innovation makes no guarantees regarding its reliability, accuracy, or completeness. Users of this information do so at their own risk. To the extent allowed by law, Hort Innovation will not be held liable for any errors or omissions, or for any actions taken based on the information provided.

For complete and up-to-date information on eligibility and application processes, please refer to the Australian Taxation Office (ATO) website.