
AUSTRALIAN GOVERNMENT GRANTS AND ASSISTANCE
USING GOVERNMENT GRANTS TO FUND YOUR BUSINESS IMPROVEMENT


Paper 014-001


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1. Government Assistance

There are a number of government grants available to small and medium sized businesses to help and encourage them to grow. Whether it be exporting to other countries or becoming 'investment ready' so that your business can raise capital.

This paper is an overview of some of the government grants available including:

- Austrade
- Export Market Development Grant
- R & D Tax Incentive Rebate For Companies With Turnovers Of Under \$20M
- R & D Tax Incentive Non-Refundable Rebate For Companies With Turnovers Over \$20M
- Entrepreneurs' Program

2. Austrade

Many small Australian businesses are exporting. Nearly 30,000 firms export goods and services. Of these, around 90% are SMEs. Many small exporters are in the wholesale trade, as well as manufacturers and suppliers of business services. Small businesses mainly export to countries with the same language and similar culture, primarily New Zealand, USA and UK.

Austrade is the Australian Trade Commission established to help Australian firms sell their services and products overseas.

Austrade provides a comprehensive range of services including:

- export counselling;
- market research;
- advice on international marketing opportunities;
- market intelligence;
- co-ordination of displays for Australian goods and services at trade fairs;
- hosting regular workshops and seminars;
- international network of 142 offices in 64 countries; and
- local knowledge of overseas business methods and customs.

There are eighteen Austrade offices in Australia to assist Australian businesses. Austrade manages the Export Market Development Grant Scheme, which has particular benefits for SMEs.

For further information, refer to [Paper 015-030 - Austrade](#).

3. Export Market Development Grant

If you are an exporter then you should understand how the Export Market Development Grant works.

The Export Market Development Grant aims to assist the development of exports, by Australian firms, to all markets except New Zealand, Iran and North Korea. The grant provides financial incentives, in the form of a taxable grant, based on eligible expenditure to promote exports. It focuses on direct promotional activities and does not assist in the general establishment of a business or product development. Austrade administers the grant.

Eligible expenditure includes:

- overseas market visits;
- overseas representation;
- communication costs;
- marketing costs;
- product samples;
- trade fairs; and
- overseas buyers' expenses.

Who can claim?

Australian residents being:

- individuals;
- partnerships;
- companies;
- associations;
- co-operatives;
- statutory corporations, or
- trusts;

who have an Australian Business Number (ABN) and who are the owners of eligible goods, services, industrial property rights or know-how.

Products/Services/Goods include goods made in Australia that have at least 50% Australian content.

Export Market Development Grant That Can Be Claimed

Grants are determined based on 50% of eligible expenditure in excess of \$20,000 for the year.

The minimum grant is \$10,000.

The maximum grant is \$150,000 and the total income of the entity from Australian and export activities must not exceed \$50M.

Registration

The registrants must register between 1st July and 30th November in the financial year during which the claim was made. Example, to claim expenditure between 1st July 2013 and 30th June 2014; registration must be made with Austrade between 1st July 2014 and 1st December 2014.

First Time Applicant

First time applicants can combine two years together as the basis for their first year's Export Market Development Grant Claim.

Record Keeping

You need to maintain accurate records to facilitate the preparation of the Export Market Development Grant Claim. Your accountant can assist you in establishing the appropriate records and preparing your claim application.

Lodgement Date

The final lodgement date is 30th November each year; however, you can lodge as soon as possible after 1st July.

Payment System

If your grant claim is for under the initial payment ceiling (currently \$60,000), it is normally paid quickly after you have lodged your application. If your grant claim is for over the initial payment ceiling, you will normally receive a payment of \$60,000 quickly after lodging the application. You will then have to wait until Austrade received all the assessments. This will normally occur in the following June.

Taxation Implications

Export market grant income is assessable for income tax purposes. For further information, refer to [Paper 014-030 - Export Market Development Grant](#).

4. R & D Tax Incentive

The Federal government has a very extensive research and development incentive regime. The core components of R & D tax incentives are:

- For companies with turnovers under \$20M - a 43.5% refundable tax offset of eligible research and development expenditure.
- For companies with turnovers over \$20M - a 38.5% non-refundable tax offset of eligible research and development expenditure.

Only companies are entitled to claim the Research and Development Tax Incentive.

There are two components of the definition of Research and Development.

- Core R & D activities.
- Supporting R & D activities.

To be eligible to claim the R & D Tax Incentive, companies must:

- Register with AusIndustry by the date of lodgement of the company's income tax return or ten months after the end of financial year which, for the 2013/14 financial year, will be 30th April 2015, whichever is the earlier.
- Companies must have spent a minimum of \$20,000 on research and development expenditure to be able to apply for R & D Tax Incentives.

For more information on R & D tax incentive, refer to [Paper 012-009 R & D Tax Incentive](#).

5. Entrepreneurs' Program

The Entrepreneurs' Program covers the following:

Business Evaluation Program

This is available to eligible Australian small/medium sized companies and incorporated trustees acting as trustees of a trust, to assist them to transform their business and reach their full potential.

Companies and corporate trustee acting as trustees of a trust which operates in one of the five key industries in the growth sectors, nominated by the Federal government:

- Advanced Manufacturing
- Food and Agribusiness
- Medical Technologies and Pharmaceuticals
- Mining Equipment Technology and Services
- Oil, Gas and Energy Resources

Alternatively, the business could be engaged in enabling technologies and services for any one of these five growth sectors provided by businesses operating within the following industries:

- Freight and Logistics
- Infrastructure Related Construction
- Information and Communications Technology (ICT)
- Professional Services (primarily scientific-related services)

Minimum annual turnover requirements are:

- Eligible businesses operating in Northern Australia and Remote Australia - \$750,000 with an ABN.
- Businesses operating in other parts of Australia other than Northern Australia and remote and very remote areas – minimum annual turnover \$1.5M with an ACN.

In each case the maximum annual turnover is \$100M.

Business Evaluations are delivered at no charge to an individual business. Business Evaluations are performed by a consultant hired by the Department of Industry. A consultant will prepare a report and in conjunction with the business operators will recommend further work that could be considered for that business.

Business Growth Grant

To be eligible a company or corporate trustee must meet the eligibility criteria requirements summarised under Business Evaluation and must have completed the Business Evaluation within 6 months of the application for Business Growth Grant.

The Business Growth Grant will enable a grant of up to \$20,000 on a 50% basis to be made available to the business to conduct virtually any type of activity which will improve the businesses' performance and which has been authorised by Entrepreneurs' Program via the Department of Industry. For further details, refer to [Paper 014-170 - Business Growth Grants Program](#).

Research Connections

This program is to help small/medium enterprises to collaborate with the research sector, to develop new ideas with commercial potential.

Applicants must be a company and must be operating in one of the five growth sectors identified by the Federal government, as itemised in Business Evaluation Program.

The applicant must have an annual turnover of \$1.5M to \$100M in one of the two preceding financial year. Grants of up to \$50,000 are available on a 50% grant basis.

Accelerating Commercialisation

Accelerating Commercialisation assists entrepreneurs by:

- Accelerating the commercialisation of novel intellectual property, in the form of novel products, processes and services.
- Creating new businesses based on novel intellectual property with high growth potential and facilitating greater commercial and economic returns, both from public and private research.
- Developing investment to drive business growth and competitiveness.

Grants of up to \$250,000 are available for commercialisation offices and other eligible partner entities on a 50% basis. Grants of up to \$1M are available for all other types of eligible businesses on a 50% basis.

Applicants must have a combined turnover of NIL to \$20M on a group basis, for each of the last three years prior to the lodgement of the application. The applicant must have ownership or access to the beneficial use of any intellectual property that is necessary to carry out the project.

The applicant must be able to demonstrate its ability to fund at least 50% of the eligible expenditure of the project. It's not necessary to have all of the funding available at the beginning of the project, which can be completed over two years.

6. Professional Advice

If you have any queries on any government assistance programme it is recommended that you seek advice from your professional accountant.

AN IMPORTANT MESSAGE

The forms and commentaries contained in this paper are provided as a guide only and should not form the sole basis for any advice in relation to the particular situation of any person without first obtaining proper professional advice.

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