

# Opportunity for Aged Care Providers

## Using software development to drive innovation in service delivery?

*Tax benefits are available to Aged Care Providers investing in software research and development aimed at providing improved services to their home care clients.*

As with many industries, the Aged Care industry is undergoing technological disruption. Where businesses are taking on the risk of developing their own software to improve services to their clients because nothing is available in the market, this kind of activity may be eligible for the R&D tax incentive.

### What are the benefits?

If your company has a turnover of less than \$20 million, you could be eligible for 45% tax offset. In some cases this could result in a cash refund from the revenue authorities.

For example, if the company spent \$1,000,000 on R&D, then it could potentially get back \$450,000 as a refund. If turnover is more than \$20 million, then the offset rate is 40% and not refundable – but can be carried forward.

### What types of activities might be eligible?

R&D activities focussed on software development for their clients i.e. the software must be developed to provide a new or improved product or service to external clients of the company.

Developing software to deliver Consumer Directed Care (CDC) is an example of an activity that may qualify. This could include:

- development of applications via which services are selected and booked by clients
- development of tools via which clients can manage their CDC budget

Note: Software developed for the administration of the company (including administration of business functions e.g. payroll, HR, finance functions) is generally not considered eligible. There must be a client focus to the product.

### The purpose of the R&D must be to generate new knowledge:

The underlying technology (new code/algorithms being developed) must be new. It cannot be developed using existing APIs or open source code, or by configuration of software within its existing capabilities.

### Who can apply?

- Australian companies (body corporates)
- Certain foreign resident companies with permanent establishments
- Government bodies participating in the National Tax Equivalent Regime

To understand more about this opportunity, contact our specialist Aged Care Team, they have the commercial, tax and government expertise to help you get the most from your R&D investment.

### For more information, contact

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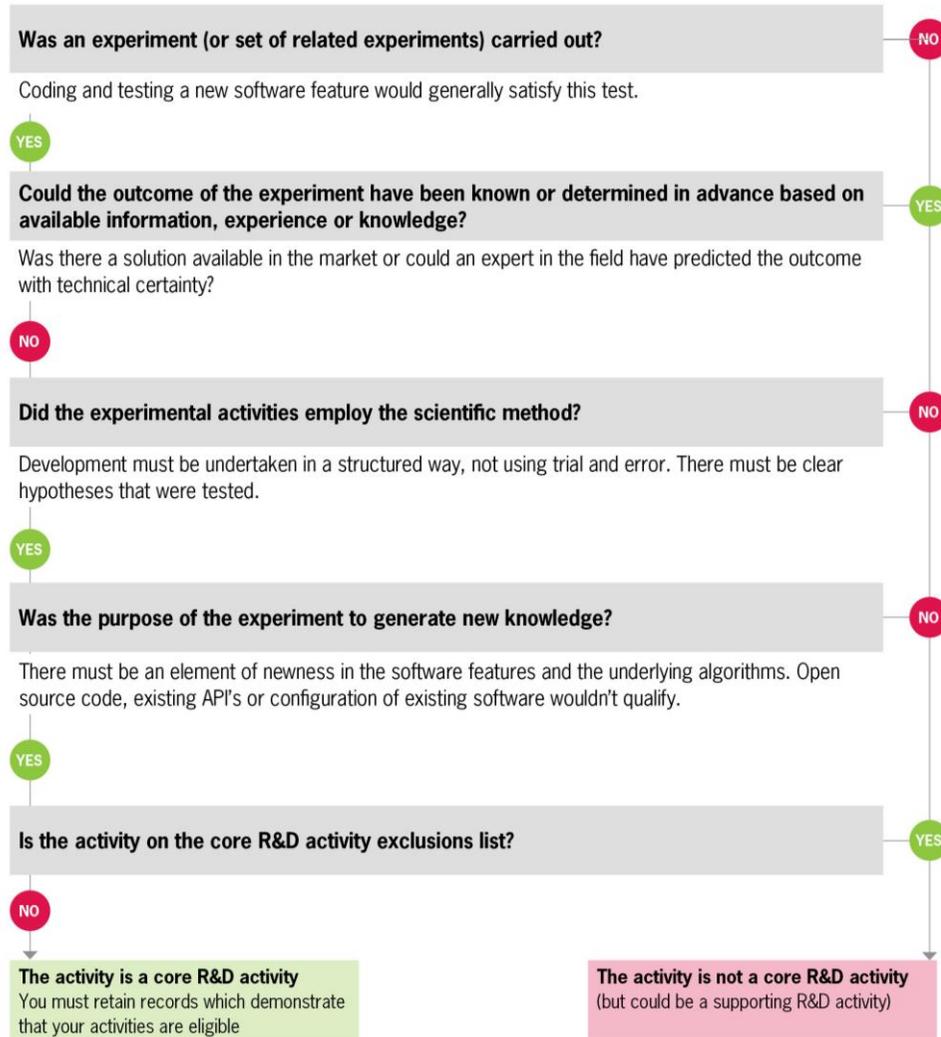
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## What are core R&D activities?



## Core R&D activity exclusions

Market research, market testing or market development, or sales promotion (including consumer surveys)

Management studies or efficiency surveys

Research in social sciences, arts or humanities

Commercial, legal and administrative aspects of patenting, licensing or other activities

**Activities associated with complying with statutory requirements or standards, including one or more of the following:**

- maintaining national standards
- calibrating secondary standards
- routine testing and analysis of materials, components, products, processes, soils, atmospheres and other things

**Any activity related to the reproduction of a commercial product or process:**

- by a physical examination of an existing system
- from plans, blueprints, detailed specifications or publicly available information

**Developing, modifying or customising computer software for the dominant purpose of use by any of the following entities for their internal administration (including the internal administration of their business functions):**

- the entity (the developer) for which the software is developed, modified or customised
- an entity connected with the developer
- an affiliate of the developer, or an entity of which the developer is an affiliate