

# Research and Development - Tax and Funding Support

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Talk to us if you are thinking about seeking funding support for R&D or claiming an R&D tax credit. We can work through the eligibility criteria and tax implications with you as well as analysing cashflow implications and potential compliance costs.

## R&D funding

[Callaghan Innovation](#) offer a range of programmes to help you get started and keep going.

They connect people, opportunities and networks; provides tailored technical solutions, skills and capability development programmes; and grants co-funding. They provide funding support for businesses at various stages with their R&D programmes with grants such as:

- [Getting Started Grants](#) are suitable for businesses new to R&D. Eligible businesses receive 40% of R&D project costs, up to \$5,000, as a one-off payment on completion of the project
- [Project Grants](#) support businesses new to or trying to expand their R&D. Eligible businesses receive up to 40% of R&D project costs; reducing for large projects, or when the business has had multiple grants. Grants are paid in arrears (monthly or quarterly).
- [Student Grants](#) are designed to support both New Zealand businesses and students, for businesses wanting to increase their R&D capability, or students wanting to develop their skills in a commercial R&D environment
- Up till now the [Callaghan Innovation Growth Grant](#) has been available for funding support. This is being phased out, replaced by the R&D Tax Incentive (RDTI), and is no longer accepting applications.

Guides, application forms and eligibility checklists are available on their website.

## Networking resources

Networking resources are less about R&D specifically and more about connecting with capital. They offer opportunities to businesses seeking complementary funding for their bright ideas.

Out of the box thinkers might try resources like [Scale-Up New Zealand](#). A free online platform, it provides information about Kiwi start-ups, investors, hubs, and multinationals and helps businesses connect with potential partners and investors.

[Angel Association New Zealand](#) champions early-stage business investment. They aim to increase angel investment in New Zealand and create a greater pool of capital for innovative startup companies. They have a network of regional groups and funds throughout New Zealand, run events and offer practical resources such as shareholder agreement templates and due diligence checklists.

The [New Zealand Investment Network](#) connects Kiwi entrepreneurs with local and international angel investors.

## Tax credit programmes

You may be eligible for tax credits if your business is investing in R&D.

The [Research & Development Tax Incentive \(RDTI\)](#) is available to eligible businesses from the 2019/20 income year. It features a 15% tax credit on up to \$120m of eligible expenditure and provides for a minimum R&D expenditure threshold of \$50,000 per year. The rules are complex. However, it does potentially effectively lower R&D costs and, for the right kind of business with the right kind of project, it may be a considerable incentive.

Note that as part of the tax relief measures introduced for businesses affected by COVID-19, broader refundability rules which were to apply from the 2020-21 income will now apply from the 2019–20

income year. This is intended to provide more businesses (which are in a loss position) with access to R&D tax credit refunds sooner.

The [Research & Development Loss Tax Credit](#) continues to be available for eligible companies. It allows business losses from R&D expenditure to be 'cashed out' instead of being carried forward to the next income year. This means you may be able to get a refund of up to 28% of your eligible R&D tax losses. Losses that are cashed out can't be applied against income in future years and businesses that have cashed out R&D loss are expected to repay it in a future income year either by trading into profit or paying R&D repayment tax.