



## R&D TAX INCENTIVE

# Electing to be a Significant Performer and applying for Criteria and Methodologies approval

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# Objective

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This guide will help you decide whether your business should elect to be recognised as a Significant Performer under the R&D Tax Incentive (RDTI) scheme. It will provide you with an understanding of:

- The **alternative RDTI claim approvals process** that is an option only available to recognised Significant Performers
- Whether your business may be eligible for this option
- The reasons why your business might choose this option
- The process for applying
- How your application will be assessed.

It is important to note that this guide is not a substitute for the [Research and Development Tax Incentive Guidance \(IR1240\)](#) published by Inland Revenue – but it does provide additional detail and support.

If you require further guidance, Callaghan Innovation can offer support through the Customer Engagement Team. Please email [RDTIhelp@callaghaninnovation.govt.nz](mailto:RDTIhelp@callaghaninnovation.govt.nz) for specific support.

## What does it mean to be an RDTI Significant Performer?

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The RDTI's Significant Performer regime provides large research and development (R&D) performers with an alternative way of applying for approval of their RDTI claim.

Instead of applying for **General Approval**, businesses that are eligible to be recognised as Significant Performers have the option of applying for **Criteria and Methodologies (CAM) approval**.

### WHO CAN APPLY?

To qualify as a Significant Performer you must plan to spend at least NZD \$2 million on eligible R&D activities in one income year, or in each of the years covered by your Criteria and Methodologies (CAM) approval.

**This option is suited to businesses that are undertaking a significant number of core R&D activities.**

Before applying for a CAM, a business must also first check that it is an [eligible entity](#) for claiming the RDTI.

# What is Criteria and Methodologies (CAM) approval?

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A Criteria and Methodology (CAM) agreement enables businesses undertaking a large number of R&D activities to use their own established systems and processes to assess the eligibility of their R&D activities and expenditure for the RDTI.

Inland Revenue and Callaghan Innovation are the administrators of the RDTI scheme. Rather than having the RDTI administrators assess the eligibility of individual R&D activities and expenditure in your tax return, you will self-assess these taking into account the RDTI requirements. The RDTI administrators will, instead, undertake a review of the systems and processes you use to assess the eligibility of your R&D activities. If your systems are structured and applied in a way that you correctly distinguish between eligible and ineligible activities and expenditure, they will enter into a CAM agreement with you.

## WHY APPLY?

If you gain a CAM approval, your business does not need to seek General Approval for each of its R&D activities. This reduces your associated RDTI compliance and administrative costs, while still giving you a degree of certainty around the eligibility of your R&D activities.

You can elect to become an RDTI Significant Performer and submit a Criteria and Methodologies (CAM) application for either:

- **all** of your R&D activities, or
- just **some** of your R&D activities, applying for General Approval for your other projects not covered by the CAM application, or in cases where you want to confirm that an activity meets the eligibility criteria

CAM approval can cover R&D activities over a period of up to 3 years.

## WHEN SHOULD I APPLY?

The due date for filing a CAM application is the last day of the 6th month before the end of your income year.

For further details, check the [Application and claim deadlines](#).

# What is the process for CAM approval?

While the CAM approval process is necessarily flexible, the usual course of events is as follows:

1. First, read the information in this guide. Further details can also be found in Inland Revenue's detailed [IR1240 guidance](#). Consider the number and scale of your eligible R&D activities, and decide whether your business would like to register an interest in applying for the RDTI's Significant Provider scheme. One of the Customer Engagement Specialists within the RDTI team can support you at the beginning of the journey, please email [RDTIhelp@callaghaninnovation.govt.nz](mailto:RDTIhelp@callaghaninnovation.govt.nz) for further guidance.
2. If you decide to proceed, you will need to register for the RDTI via [myIR](#) on Inland Revenue's website (you only need to register for the RDTI once).
3. Once you've registered and this has been processed by Inland Revenue, you will have access to the RDTI account in myIR. You can apply for CAM approval there. Note: drafts of CAM applications will only be saved for 20 days in myIR.
4. After your CAM application has been received, an Inland Revenue case manager will make contact to provide your business with some initial CAM documentation to complete (details are outlined in the 'Workbook' information below).
5. The RDTI administrators will assess the information you supply and give you feedback, either in person or in writing.
6. Your business will then be asked to provide a list of eligible and ineligible R&D activities for the first year of the CAM.
7. Inland Revenue will review a detailed submission on a selection of these R&D activities (typically 3-5 activities are chosen.)
8. Your business will need to demonstrate in your submission how you have applied your criteria and methodologies (CAM) to identify R&D activities and to decide the eligibility of these activities.
9. Once Inland Revenue understands your criteria and methodologies, it will make a decision on whether a CAM Agreement is appropriate for your business.
10. If a CAM approval is not agreed, then you will need to apply for the RDTI using the General Approval (GA) route instead.



# Is a Criteria and Methodologies (CAM) agreement right for my business?

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Just because your business meets the minimum NZD \$2 million eligible R&D spending threshold does not necessarily mean it will benefit from having a Criteria and Methodologies (CAM) agreement. You may decide it is better to apply for General Approval for all of your R&D activities instead.

A Criteria and Methodologies (CAM) approval will require your business to invest time, to ensure that your systems and processes accurately identify and document all eligible and ineligible R&D activities and expenditure. Here are some other considerations that you should take into account:

## DEDICATED R&D FUNCTION

- The Significant Performer framework is designed to support large businesses that are undertaking significant levels of R&D. Your business will need to have a dedicated R&D function and R&D facilities or facilities available to perform R&D such as a production line. To be recognised as an RDTI Significant Performer, the key test is that your business is able to correctly identify your eligible R&D activities and separate them from the other activities that you are undertaking.
- A CAM agreement is most suitable for businesses that manage their R&D activities as a distinct function within their organisation. To be recognised as a Significant Performer, your R&D is likely to be a part of your regular 'business as usual' (BAU) function. Your business needs to have established policies and procedures for undertaking and monitoring your R&D activities and expenditure. It will be these established systems and their demonstrated ability to discern RDTI eligibility of activities and expenditure which the RDTI team will be assessing in the CAM application process.

## LARGE NUMBER OF ELIGIBLE R&D ACTIVITIES

- If you are thinking about applying for a CAM agreement, consider the number of eligible R&D activities that you intend to undertake in the year. If you do not plan to undertake a large number of eligible R&D activities then it may be easier for you to seek General Approval for each of those activities.
- Using the General Approval process will still provide the in-year certainty of a CAM agreement, however it will require you to submit General Approval application(s) showing each of the eligible core and supporting activities you intend to claim for. If you choose to use the General Approval process, there is no assessment of your R&D systems and processes because the activities and expenditure assessment is undertaken by the RDTI team.
- As a rough guide, if you have more than fifteen concurrent and potentially eligible core R&D activities, and you expect to undertake these over the course of a year, then you may want to consider applying for a CAM agreement.

## OTHER OBLIGATIONS

- If you become a recognised Significant Performer, you will not be required to seek General Approval for the core and supporting R&D activities covered by your CAM agreement. However, you will be required to engage an approved certifier to perform an annual certification of your R&D expenditure. While applying for CAM approval is free, keep in mind that there will be a cost for obtaining a research and development certificate from an IRD approved certifier.
- Refer to the [Approved R&D certifiers list \(ird.govt.nz\)](https://ird.govt.nz) to engage the services of an approved certifier.
- In addition to the annual certification requirement, Callaghan Innovation will conduct at least one review of the systems and processes you have in place for undertaking and monitoring your eligible R&D activities, during the term of your CAM agreement.
- If you have a CAM agreement you will be required to inform the RDTI team of any material change to your systems that might alter the way your eligible R&D activities and expenditure are identified, assessed or monitored.

## VARYING AN EXISTING APPROVAL

As with General Approvals, if your circumstances do materially change, you can contact the RDTI team to vary your criteria and methodologies approval application. Variation applications need to be made by the due date for approval for that year. You can vary multi-year and single-year approvals.

**Appendix 1** is a table summarising the key differences between the CAM and General Approval application processes.



TIP

### What should I consider before applying?

If you are interested in becoming an RDTI Significant Performer:

1. Read the information [Is my R&D eligible?](#) on the [RDTI website](#)
2. Then assess how many potentially eligible R&D activities you are undertaking.
3. If there are **more than 15 core activities** and they meet the expenditure requirement, then you should contact the RDTI team to talk about becoming an RDTI Significant Performer.

To summarise, you may decide to become an RDTI Significant Performer if your business is large with established R&D functions, and you can integrate RDTI requirements into your existing processes for R&D project management and financial reporting. You may also decide that the effort to gain and maintain CAM approval more than outweighs the effort required to submit multiple General Approval applications. If this sounds like your business, you will also need to be confident that you fully understand the RDTI tax legislation and have the systems to self-assess correctly. These details are covered in the following section.

# Partnerships, Joint Ventures and Look Through Companies

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If you are an incorporated joint venture or partnership, one partner should assume the obligation for filing the CAM application. This also applies to unincorporated joint ventures and partnerships.

There is a section in the CAM application to tell us about the other entities covered by the application. If another entity covered by the application wishes to claim their share of the credit, they would also need to register for the RDTI. Once the CAM application has been approved, the other entity(s) can file a Supplementary Return to claim their share.

Look through companies (LTCs) applying for CAM would get a shareholder to register and file a CAM application.

The following eligible entity criteria are applied at a joint venture (JV), partnership or LTC level, with the JV, partnership or LTC treated as the entity performing the R&D activities:

- performing R&D in New Zealand
- carrying on business in New Zealand
- owning or having the right to use the results of the R&D
- jointly have at least \$2,000,000 of eligible expenditure per application year.

## Completing the CAM application

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After you have registered for the RDTI, you will have access to the CAM application in your Inland Revenue myIR account. Within myIR you may attach documents to support the questions asked in the CAM application.

## SIGNIFICANT PERFORMER ELECTION

The first section to complete is the Significant Performer election. You will select the first year you are applying for and any subsequent years, up to a maximum of three years.

You will also estimate the eligible R&D expenditure for each year you are applying for.

The section under the Significant Performer election includes five questions with a tick box next to each question:

- Do you have or expect to have any expenditure incurred in the course of commercial production?
- Do you incur or expect to incur any eligible feedstock expenditure?
- Do you incur or expect to incur eligible overseas R&D expenditure?
- Do your activities include or expect to include internal software development?
- Do you or will you receive any grants, government funding or overseas tax credits for your activities?



## ASSOCIATED PARTIES

In this section you will be asked if you:

- Are applying on behalf of a consolidated group. You will be required to list the members of the group that are performing R&D and who are covered by this application.
- List the associated entities that are performing R&D and who are covered by this application, including name, IRD number and relationship.

## ACTIVITIES AND GOVERNANCE

In this section you will be asked to:

Provide a general description of your business.

|                              |  |  |
|------------------------------|--|--|
| Description of your business | <ul style="list-style-type: none"> <li>→ Turnover</li> <li>→ Market</li> <li>→ Products</li> </ul> | Provides an overview of what your business does. |
|------------------------------|--|--|

Describe the type of R&D typically carried out.

|  |   |  |
|--|---|--|
| What types of R&D are you undertaking? | → What areas of industry or science is your R&D in? | Allows the RDTI Core Team to select an R&D expert to progress your application who has experience in the areas of R&D you undertake. |
|--|---|--|

Provide a description of the criteria and methodologies for identifying eligible and ineligible R&D activities.

|  |   |  |
|--|---|--|
| How is the R&D managed within your business? | <ul style="list-style-type: none"> <li>→ How do you manage R&amp;D projects?</li> <li>→ What management methodology or methodologies do you use to manage your projects?</li> </ul> | Allows the RDTI Core Team to understand the systematic approach you apply to your R&D projects and activities. |
|--|---|--|



## ACCOUNTING AND EXPENDITURE

You will then be asked to describe how expenditure on R&D is identified and recorded in your ledgers and financial statements.

How is your R&D expenditure identified and recorded in your ledgers and financial statements?

You can answer this question directly or attach a document

Allows the RDTI Core Team to understand the accounting systems you use and how your R&D projects are identified.

Describe the systems, procedures, governance and controls used to identify and classify your R&D expenditure (e.g. cost centres, use of project ID's).

→ Further information is available in our RDTI Expenditure Table on page 15.

Where expenditure is apportioned between eligible R&D activities and other activities, describe how the apportionment is calculated and the reasons for this method.

→ Further information is available in our RDTI Expenditure Table on page 15.

Describe the sources of information on expenditure.

→ Further information is available in our RDTI Expenditure Table on page 15.

Describe the documents used for recording your eligible expenditure.

→ You can answer this question or attach a sample document.

Where overheads are being attributed to R&D activities, describe the nature of the overheads and how they relate to R&D.

### Overheads

The type of overheads you can claim will depend on your business operations and structure. Your application should clearly set out:

- The overheads that you intend to claim.
- How and where these overheads are recorded in your accounting system (e.g. cost centres and ledger accounts).
- How the overheads relate to the R&D activities.
- How you intend to apportion the overheads between eligible and ineligible R&D activities and other non-R&D activities.

## CONTACT DETAILS

Project owner contact details

→ Please provide a contact person for your application.

# How is an application for a Criteria and Methodologies (CAM) Agreement assessed?

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The Commissioner of Inland Revenue is empowered under the Tax Administration Act 1994 (Section 68CC) to approve:

- Criteria and methodologies (CAM) for determining whether an activity is a ‘core’ research and development (R&D) activity, a ‘supporting’ R&D activity, or is not an R&D activity at all.
- Appropriate criteria and methodologies (CAM) for determining whether an amount of expenditure or loss is, or is not, an amount of eligible R&D expenditure.

The RDTI administrators, Callaghan Innovation and Inland Revenue, are responsible for assessing CAM applications and for making approval recommendations to the Commissioner. These government agencies perform the following assessment roles:

## **Assessment of Governance**

- Approval by RDTI Core Team (Inland Revenue and Callaghan Innovation)
- Compliance by the RDTI Core Team (Inland Revenue and Callaghan Innovation)

## **Assessment of R&D activity systems:**

- Approval by the RDTI Core Team (Callaghan Innovation)
- Compliance assessed by the RDTI Core Team (Callaghan Innovation)

## **Assessment of expenditure systems:**

- Expenditure approval by the RDTI Core Team (Inland Revenue)
- Compliance assessed by an authorised certifier (R&D certificate)

As part of the assessment process, the RDTI Core Team will want to see your systems, with worked examples. You will also need to demonstrate that your business can structure your reporting appropriately. They will need to see that you can accurately apply the tests in the RDTI tax legislation to select which R&D activities and expenditure qualifies, and which do not.

The two key criteria for assessing eligibility for a CAM agreement are:

- Your application of the RDTI legislation and guidance is aligned with the administrators’ interpretation.
- The methodology you apply results in the correct identification of eligible R&D activities.

You will need to clearly demonstrate both of these aspects through worked examples on a range of R&D activities that the assessors select.

For a business to have a CAM application approved, it will also need to demonstrate that it has adequate governance in place to oversee the assessment and ensure ongoing monitoring of the eligibility of the R&D activities that are claimed.

# Workbook Contents

Your business will be asked to provide a Workbook that contains the following information, at a minimum.

## 1. GENERAL INFORMATION

You will be asked for some general information about your organisation, so the RDTI Core Team can gain an understanding of your business and the R&D that you are undertaking.

The table below outlines the general information that should be included in your application and explains why this information is required.

| Topic   | Detail  | Purpose   |
|---|---|---|
| Description of your business                        | <ul style="list-style-type: none"> <li>→ Turnover</li> <li>→ Markets</li> <li>→ Products</li> </ul>   | Provides an overview of what your business does.  |
| Scope of your R&D                                   | <ul style="list-style-type: none"> <li>→ How many staff?</li> <li>→ How much do you spend?</li> <li>→ Where does the R&amp;D take place?</li> </ul>                                 | Provides an estimate of the scale of your R&D and where it takes place.   |
| What facilities does it use?                        | <ul style="list-style-type: none"> <li>→ Locations</li> </ul>   | Describe all of the places that you undertake R&D.  |
| How does your business undertake R&D?               |   | Describes how R&D projects and activities are managed within your business.   |
| What types of R&D are you undertaking?              | <ul style="list-style-type: none"> <li>→ What areas of industry or science is your R&amp;D</li> </ul>   | Allows the RDTI team to select an R&D expert to progress your application, who has experience in the areas of R&D you undertake.  |
| How is the R&D managed within your business?        | <ul style="list-style-type: none"> <li>→ How do you manage R&amp;D projects?</li> <li>→ What management methodology or methodologies do you use to manage your projects?</li> </ul> | Allows the RDTI team to understand the systematic approach you apply to your R&D projects and activities.   |
| How does it relate to other parts of your business? |   | Determines whether R&D is managed separately or integrated into your business. This should also explain where R&D is undertaken as part of production, and how the production and R&D activities and expenditure are separated. |

## 2. GOVERNANCE INFORMATION

The purpose of governance is to make sure you have adequate oversight of the R&D activity and expenditure identification and assessment systems, so that these systems continue to correctly identify eligible and ineligible R&D activities and expenditure.

There needs to be ongoing monitoring and accountability for decision making. You will be asked to provide information about the following:

1. Who is making the decisions, and how to ensure that they have:
  - a. knowledge of the legislation and how to apply the legislation
  - b. technical knowledge (to be able to understand the R&D activities being assessed)
  - c. accounting knowledge (to be able to attribute expenditure to R&D activities and exclude ineligible expenditure).
2. How are the decisions being made and documented?
  - a. How often are decisions made?
  - b. What is the process you undertake to make the decisions?
  - c. What information, or evidence is used to make the decisions?
  - d. How are the decisions documented?

### How to present this information

You will be asked to provide an outline of the process that you go through, showing how each R&D activity is assessed against the legislative definition of 'core R&D' and 'supporting' activities.

There are a few things to note:

- The decision-making group can be presented as a list of job titles. It is not necessary to provide the names of individuals.
- Frequency of meetings should be documented, so it is clear how often R&D activities are reviewed or assessed for eligibility.
- A description and examples of the documentation the decisions are based on, will be needed.

## 3. ELIGIBLE ACTIVITY SYSTEMS INFORMATION

Your R&D activity documentation system needs to:

1. Identify activities within projects.
2. Determine whether activities are 'core R&D' or 'supporting' activities.
3. Apply the correct legal test to determine if your activities are eligible as core R&D or supporting activities, or ineligible.
4. Exclude ineligible activities. It can be useful to document **all** the activities in a project, including those that are flagged as ineligible, so that it is clear to a reviewer where the line is being drawn.
5. Be documented in a way that allows it to be reviewed.
6. Be monitored and reviewed on an ongoing basis, so changes in eligibility are captured.

## Project vs. Activity

It is important that the documentation is structured in a way that reflects the [IR1240 guidance](#) in terms of ‘projects’ and ‘activities’. *This may not be the way your company normally describes its R&D work*, but it is a requirement of the RDTI’s legislation and crucial to your self-assessment. The guidance on eligible R&D activities gives a good explanation of the difference between projects and activities.

Your business will be required to consider eligibility for the RDTI at an activity level. In order to receive a Criteria and Methodologies (CAM) approval you **must** be able to demonstrate that you are structuring and assessing your R&D claim at an activity level.

To do this you should explain when and how your process identifies the activities within your projects.

## APPLICATION OF THE LEGISLATION TO ACTIVITIES

To determine whether an activity is eligible for the RDTI or not, you will need to apply the legislative tests.

To be eligible, a ‘core R&D’ activity must:

- Aim to resolve a technological or scientific uncertainty, existing when there is knowledge not publicly available or deducible by a competent professional, and
- Create new knowledge, or new or improved processes, services and goods as the material purpose of the activity, and
- Be conducted using a systematic approach.

To be eligible, a ‘supporting’ activity must:

- Support the core R&D activity as its only or main purpose, and
- Be required for, and integral to, the core R&D activity.

Learn more by reading [Is my R&D eligible?](#) on the [RDTI website](#).

## How to present this information

You will need to have sufficient documentation to demonstrate that you are applying the legislative tests to the R&D activities you are undertaking. If requested, you should be able to demonstrate how any activities or expenditure you have determined as eligible, meet the legislative requirements. You will also need to provide the evidence you based this assessment on.

A lack of documentation could raise questions about the thoroughness of the assessments, as it will not be clear what information you are using to make your eligibility decisions. Your documentation allows reviewers to understand how you are applying the legislation, and will ensure that your decisions are aligned with Inland Revenue’s application of the legislation.



### DOCUMENTATION EXAMPLES

Some document examples are show in the Appendix, for your reference:

- Appendix 2 contains an example of an Activity Assessment Table.
- Appendix 3 contains an example of a Project Documentation Table.

## 4. ELIGIBLE EXPENDITURE SYSTEMS INFORMATION

There are three categories of expenditure that can be claimed:

- Employee costs
- Goods and services
- Depreciation.

Expenditure can be directly or indirectly related to your R&D activities. Expenditure will directly relate to your R&D activities where the goods or services are used to perform the R&D activities. Examples are: the salaries of employees performing the R&D, or materials and consumables purchased to perform tests and trials.

Expenditure will indirectly relate to your R&D activities where the goods or services are not used to perform the R&D activities, but nevertheless are required to allow the R&D activities to be performed. Examples include: the salaries of R&D management and support staff, overheads such as property occupancy costs, and costs of business units that support the R&D function such as health and safety, quality and HR.

### How to present this information

Your systems and processes must be sufficient to:

- Identify what expenditure relates to your R&D activities.
- Determine whether, and the extent to which, the expenditure:
  - Relates to eligible or excluded R&D activities
  - Is included on the schedule of ineligible expenditure

For Inland Revenue to approve your Criteria and Methodologies (CAM), its reviewers must be confident that your accounting systems are robustly identifying and allocating expenditure to qualifying core and supporting activities.

Most businesses will identify costs at the project level, but under the RDTI it is unlikely that ALL project costs will qualify. Therefore, it is necessary for projects to be further broken down to the activity level, and identified as 'core R&D', 'supporting' or 'ineligible'. You will be asked for evidence that your systems can robustly identify qualifying expenditure, and you will need to show that you are accurately identifying and removing expenditure for excluded and non-qualifying activities.

The following table shows the standard categories provided for breaking down expenditure in your RDTI claim. The evidence requirements are also shown:

### RDTI EXPENDITURE TABLE

| Category  | Evidence notes   |
|---|--|
| Activities: Core R&D, Supporting and Ineligible | Your application should describe how your accounting systems will identify activities that are included in your RDTI claim, and exclude those that are ineligible. This could be by the use of project codes, sub codes or phases. |

| Category                          | Evidence notes  |
|-----------------------------------|---|
| Employee related costs – direct   | <p>Your application needs to explain:</p> <ul style="list-style-type: none"> <li>→ How you identify employees performing R&amp;D activities.</li> <li>→ What employee related expenditure you intend to claim and where it is re-coded in your accounting system (e.g. cost centres and ledgers).</li> <li>→ How you trace and apportion employee related expenditure to eligible and excluded R&amp;D activities or activities not related to R&amp;D.</li> </ul>  |
| Employee related costs – indirect | <p>Your application should explain which employees, or groups of employees, are providing support to the R&amp;D function and how they support it. This could include R&amp;D management staff and other business units that support the R&amp;D function in some way (e.g. Health and Safety, Quality, Payroll, Property Management).</p> <p>As with direct employee costs, you should explain what expenditure you intend to claim, where in your accounting system it is recorded, and how you determine the amount that is attributable to eligible R&amp;D activities.</p> |
| R&D contractor payments           | <p>Your application needs to explain how you identify R&amp;D contractor expenditure and determine whether it is on eligible or ineligible R&amp;D activities, and whether the contract includes ineligible expenditure.</p>  |
| Materials, consumables            | <p>Where goods are purchased and used in your R&amp;D activities you should explain how these are identified and attributed to eligible and ineligible R&amp;D activities (e.g. by the use of project codes, subcodes or phases).</p>   |
| Overheads                         | <p>The type of overheads you can claim will depend on your business operations and structure. Your application should clearly set out:</p> <ul style="list-style-type: none"> <li>→ The overheads that you intend to claim.</li> <li>→ How and where these overheads are recorded in your accounting system (e.g. cost centres and ledger accounts).</li> <li>→ How the overheads relate to the R&amp;D activities.</li> <li>→ How you intend to apportion the overheads between eligible and ineligible R&amp;D activities and other non- R&amp;D activities.</li> </ul>       |
| Eligible R&D tax depreciation     | <p>Your application should explain how you identify depreciable assets (or groups of assets), how these will be identified as eligible for your RDTI claim and what method you will use for depreciation.</p>   |



| Category  | Evidence notes  |
|---|---|
| Expenditure incurred in the course of commercial production | If R&D is performed in the course of commercial production, your application needs to explain how you identify the additional incurred expenditure.   |
| Related party expenditure                                   | If any R&D expenditure is with related parties, your application should identify this and confirm that it is no more than the lowest cost to the associated person.   |
| Eligible overseas R&D expenditure for this project          | If R&D is performed overseas, or if you pay non-resident employees to perform R&D in NZ, your application should explain how you identify the related expenditure and calculate the amount attributable to supporting R&D activities. (Core R&D activities performed overseas are not eligible for the RDTI. Expenditure on supporting R&D activities conducted outside New Zealand might be eligible for the RDTI, but can't exceed 10% of your total eligible expenditure.) |
| Ineligible expenditure listed in schedule 21B Part B        | Your application should explain whether you incur any of the types of expenditure listed in schedule 21B, part B of the Income Tax Act, and how you identify and exclude this expenditure from your RDTI claim.   |

## How do I claim the RDTI if I have CAM approval?

Once you have been granted CAM approval, you will be able to submit your annual RDTI Supplementary Return through your Inland Revenue myIR account. You will usually lodge your tax return at the same time. An R&D certificate needs to be attached to the Supplementary Return.

For more information about the claim process, see [How do I claim?](#) on the [RDTI website](#).



# Appendix 1: Summary – Comparing General Approval with CAM Approval

## COMPARISON TABLE

|                   | General Approval   | Criteria and Methodology Approval   |
|-------------------|--|---|
| Approval based on | Eligible activity  | <ul style="list-style-type: none"> <li>→ Governance structures</li> <li>→ R&amp;D activity and expenditure systems</li> </ul>   |
| Approval type     | In-year approval   | In-year approval  |
| Duration          | Generally one financial year (although a General Approval can be sought for up to 3 years) | 1-3 years   |
| Assessment        | RDTI Core Team   | <ul style="list-style-type: none"> <li>→ RDTI – Core Team approves system</li> <li>→ Applicant – responsible for assessing activities</li> </ul>  |
| In-year checks    | Supplementary Return review of expenditure and confirmation of activities                  | <ul style="list-style-type: none"> <li>→ Annual certification of R&amp;D expenditure approved by an approved Certifier</li> <li>→ Review of eligible activity processes by Callaghan Innovation (at least one review during the course of the CAM approval).</li> </ul> |

# Appendix 2: Example RDTI Activity Assessment Table

## ELIGIBLE ACTIVITIES

The RDTI reviewers will want to see whether activities assessed under your RDTI criteria and methodologies (CAM) framework meet the RDTI legislative criteria. The example table below provides an outline of the details that they will be looking for. You can either use the templates below to help provide us with sufficient information to support the tax position taken against the legislative criteria, or ensure that you have it recorded elsewhere in some form. You are not expected to complete a template for every activity.

## CORE R&D ACTIVITY

| Core R&D activity(ies):  |  | Project identifier:                  |                      |                                   |
|--|--|--------------------------------------|----------------------|-----------------------------------|
| Describe the Core Activities:  |  |                                      |                      |                                   |
| Legislative Requirement  | Explain how the activity meets the legislative requirement | Evidence/ project reference document | Applicant Assessment | RDTI Core Team Assessment         |
| Conducted using a systematic approach  |  |                                      |                      | <i>RDTI Core Team to complete</i> |
| Material purpose of creating new knowledge or new or improved processes, services or goods |  |                                      |                      | <i>RDTI Core Team to complete</i> |
| Material purpose of resolving scientific or technological uncertainty                      |  |                                      |                      | <i>RDTI Core Team to complete</i> |

| The “...knowledge required to resolve the uncertainty...” is...                                |        |  |  |                            |
|--|--------|--|--|----------------------------|
| Not – publicly available   |        |  |  | RDTI Core Team to complete |
| Not – deductible by a competent professional in the relevant scientific or technological field |        |  |  | RDTI Core Team to complete |
| Exclusions   |        |  |  |                            |
| Have ‘excluded activities’ described in schedule 21, part A, been identified and removed?      | Yes/No |  |  | RDTI Core Team to complete |

## SUPPORTING ACTIVITY (A TABLE FOR EACH SUPPORTING ACTIVITY)

| Supporting Activity:  |  |          |                      |                            |
|---|--|----------|----------------------|----------------------------|
| Describe the Supporting Activity:   |  |          |                      |                            |
| Related Core Activity:  |  |          |                      |                            |
| Requirement   | Explain how the activity meets the legislative requirement | Evidence | Applicant Assessment | RDTI Core Team Assessment  |
| Has the only or main purpose of supporting a core R&D activity, and is required for and integral to that core R&D activity? |  |          |                      | RDTI Core Team to complete |
| Exclusions  |  |          |                      |                            |
| Have ‘excluded activities’ described in schedule 21, part B, been identified and removed?                                   | Yes/No   |          |                      | RDTI Core Team to complete |

