

Letter from R&D Tax Incentive Consultant

Advice in relation to the R&D Tax Incentive refund for the period 1 July 2018 - 30 June 2019

Dear R&D Lender,

Entity

I have been asked to provide my opinion as to the potential refund available to ABC Pty Ltd (ACN 123 456 789) XXXXXXXXXX (applicant) in making a claim under the R&D Tax Incentive legislation (Income Tax Assessment Act 1997, Division 355) for the financial year ending 30 June 2019 (the 2019 year).

R&D Activity

My opinion covers expenditure expected to be incurred for the period 1 July 2018 to 30 June 2019. My opinion has been sought with reference to activities undertaken by the applicant to develop a technology that could:

- XXX
- XXX
- XXX

Is designed to

- XXX
- XXX
- XXX

The applicant is committed to the research, development and commercialisation of new and novel

- XXX
- XXX
- XXX

R&D Review

Based upon my understanding of the information supplied to me by you and my interpretation of the relevant legislative provisions, it is my view that for the 2019 year the applicant should be eligible to claim the refundable R&D Tax Offset in relation to the activities undertaken for the development of technology identified above.

R&D Expenses

I estimate the eligible R&D expenses of the applicant to be for the period 1 July 2018 to 30 June 2019 to be **XXXXX**

Tax Position

My estimate of the tax position of the applicant to be **XXXXX**

R&D Rebate

I estimate the minimum potential cash benefit to the applicant in claiming the refundable R&D Tax to be **XXXXX**

Based on the proposed tax position and proposed R&D expenditure, I estimate the R&D rebate to be **XXXXX**

Important Matters

This letter has been prepared based on information obtained from the review of information provided to me, and during various discussions with the applicant.

I relied on the accuracy and completeness of the information provided and have not undertaken any procedures to validate or verify the completeness or accuracy of such information. Please advise me if any aspect of the facts and/or assumptions are incorrect or incomplete as it could materially affect the opinion we have provided.

I do not accept any responsibility or any liability arising from the inaccuracy or incompleteness of any information provided to me. We have based our analysis on company accounts that have not been finalised and are relying primarily on representations made by you in relation to the nature and scope of the R&D activities during the period.

Should the applicant breach the \$20M aggregated group turnover threshold in the 2019 year, then the benefit may not result in a cash refund being received from the ATO, but rather a carried forward tax offset equivalent to a benefit of 8 cents in the dollar of eligible R&D expenditure.

Please note that the potential cash benefit for the period 1 July 2018 to 30 June 2019, will only be received if the applicant has sufficient tax losses. This includes carry forward tax losses from prior income years that satisfy both the continuity of ownership test (COT) and the control test or the same business test (SBT). The amount of cash received may also be impacted by other tax liabilities.