Clothing and Household Textile (Building Innovative Capability) scheme 2010

as amended

made under section 37ZM of the

Textile, Clothing and Footwear Investment and Innovation Programs Act 1999

This compilation was prepared on 30 July 2013 taking into account amendments up to Clothing and Household Textile (Building Innovative Capability) Amendment scheme 2012 (No. 1) (F2012L01894).
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*Federal Register of Legislative Instruments F2013C00569*
Part 1

Introductory

1.1 Name of scheme

This scheme is the Clothing and Household Textile (Building Innovative Capability) scheme 2010, which may be cited as the Clothing and Household Textile (BIC) scheme.

1.2 Commencement

The scheme commences on the day after it is registered.

1.3 Object

The object of the scheme is, under the Act, to provide a detailed legislative framework for fostering the development of a sustainable and internationally competitive manufacturing industry and design industry for clothing and household textiles in Australia by providing incentives that will promote innovation.

Note: It is intended that the transition between the TCF Post-2005 (SIP) Scheme and the Clothing and Household Textile (BIC) scheme be seamless so that an entity registered under the TCF Post-2005 (SIP) Scheme that subsequently becomes registered under the Clothing and Household Textile (BIC) scheme will have to cope with minimal change. Part 8 deals with the transition from the TCF Post-2005 (SIP) Scheme to the Clothing and Household Textile (BIC) scheme, and should be consulted by entities registered under the former scheme.

1.4 Definitions

In the scheme, unless the contrary intention appears:

**ABN** (short for “Australian Business Number”) has the meaning given by section 41 of the A New Tax System (Australian Business Number) Act 1999.

**ACN** (short for “Australian Company Number”) has the meaning given by section 9 of the Corporations Act 2001.

**acquisition** includes acquisition by purchase or lease.

**Act** means the Textile, Clothing and Footwear Investment and Innovation Programs Act 1999.

**advance**, of an innovation grant, has the meaning given by section 5.2.


Australian-based, for an activity, for expenditure and for innovation, has the meaning given by section 1.5.

BIC plant means plant used in an eligible clothing and household textile activity.

defered innovation grant eligibility amount has the meaning given in subsection 6.20(1).

eligible clothing and household textile activity has the meaning given by section 1.6.

eligible clothing and household textile expenditure includes clothing/finished textile expenditure within the meaning of section 4 of the Act.

Note See also section 2.7.

eligible clothing and household textile product means a product resulting directly and predominantly from an eligible clothing and household textile activity mentioned in paragraph 1.6 (1) (a) (other than an activity carried on in relation to a prescribed product within the meaning of section 1.6).

eligible start-up investment amount has the meaning given by subsection 6.23 (7).

eligible start-up period has the meaning given by subsection 6.23 (7).

employee means any individual for whom the registered entity is required to withhold an amount under section 12-35 or 12-40 of Schedule 1 to the Taxation Administration Act 1953.

financial owner, for plant, equipment or another asset, means the person who is financially responsible for, and has control of, the plant, equipment or other asset.

GST has the meaning given by section 195-1 of the A New Tax System (Goods and Services Tax) Act 1999.

innovation grant eligibility amount, for an entity for a program year, means an innovation grant eligibility amount worked out in accordance with section 6.18 for that program year.

industrial property rights has the meaning given by subsection 2.6 (2).

innovation grant has the meaning given by section 2.1.

ITAA 1936 means the Income Tax Assessment Act 1936.


pilot plant has the meaning given by subsection 73B (1) of the ITAA 1936 as in force immediately before 8 September 2011.

Note The Tax Laws Amendment (Research and Development) Act 2011 commenced on 8 September 2011. The relevant version of the ITAA 1936 is available on ComLaw: see compilation number C2011C00612.

plant includes tools or apparatus of a capital nature used exclusively for the operation of plant, but does not include a building or structure.

product development activity has the meaning given by section 2.1.
Section 1.5

_program period_, for an entity, means the period commencing at the beginning of the 2010/2011 program year and ending at the end of the 2014/2015 program year.

Note See subsections 8.2 (1) to (3) for transitional applications.

_program year_ has the meaning given by section 1.7.

Note See subsections 8.2 (1) to (3) for transitional applications.

_relevant financial year_, in relation to a program year, means:
(a) for the 2010/2011 program year — the 2011/2012 financial year; and
(b) for the 2011/2012 program year — the 2012/2013 financial year; and
(c) for the 2012/2013 program year — the 2013/2014 financial year; and
(d) for the 2013/2014 program year — the 2014/2015 financial year; and
(e) for the 2014/2015 program year — the 2015/2016 financial year.

_relevant program year_, in relation to a financial year, means:
(a) for the 2011/2012 financial year — the 2010/2011 program year; and
(b) for the 2012/2013 financial year — the 2011/2012 program year; and
(c) for the 2013/2014 financial year — the 2012/2013 program year; and
(d) for the 2014/2015 financial year — the 2013/2014 program year; and
(e) for the 2015/2016 financial year — the 2014/2015 program year.

_research and development activity_ has the meaning given by subsection 73B (1) of the ITAA 1936 as in force immediately before 8 September 2011.

Note 1 Only certain kinds of expenditure in relation to research and development are eligible clothing and household textile expenditure for the scheme: see section 2.2.

Note 2 The _Tax Laws Amendment (Research and Development) Act 2011_ commenced on 8 September 2011. The relevant version of the ITAA 1936 is available on ComLaw: see compilation number C2011C00612.

_salary_, in relation to an employee, means those amounts specified on the employee’s payment summary issued by the registered entity under section 16-155 of Schedule 1 to the _Taxation Administration Act 1953_, to the extent that the amounts represent withholding payments covered by section 12-35 or 12-40 of Schedule 1 to that Act.

_sample production_ has the meaning given by section 1.8.

_scheme_ means the Clothing and Household Textile (BIC) scheme.

_total eligible revenue_ has the meaning given by section 1.9.
1.5 **Meaning of Australian-based**

For the scheme:

(a) an activity is *Australian-based* only if it is carried on in Australia; and

(b) expenditure is *Australian-based* only if it is incurred in Australia; and

(c) innovation is *Australian-based* only if it occurs in Australia.

1.6 **Meaning of eligible clothing and household textile activity**

(1) For the scheme, each of the following activities is an *eligible clothing and household textile activity*:

(a) an Australian-based manufacturing activity carried on by an entity:
   (i) being a manufacturing activity of a kind mentioned in Part B or C of Schedule 1; or
   (ii) that results directly and predominantly in the manufacture of a product mentioned in Schedule 2 using fabric manufactured by the entity as a result of an activity of a kind mentioned in Part A of Schedule 1 carried on in Australia by the entity;

(b) an Australian-based activity carried on by an entity in respect of the design in Australia for manufacture in Australia of eligible clothing and household textile products, some or all of which are intended to be sold in Australia;

(c) an Australian-based ancillary activity carried on by an entity in respect of a manufacturing activity mentioned in paragraph (a) (the *manufacturing activity*) if, and only to the extent that, operations in respect of the ancillary activity and the manufacturing activity are wholly and mutually interdependent;

(d) an Australian-based ancillary activity carried on by an entity in respect of a design activity mentioned in paragraph (b) (the *design activity*) if, and only to the extent that, operations in respect of the ancillary activity and the design activity are wholly and mutually interdependent.

(2) However, an activity mentioned in subsection (1) that is carried on by an entity both in Australia and elsewhere, is an eligible clothing and household textile activity only to the extent that it is carried on in Australia.
(3) Also, and for the avoidance of doubt, each of the following activities is not an eligible clothing and household textile activity:

(a) the manufacture of hides or leather used, or intended to be used, in motor vehicles;

(b) an activity carried on in connection with, or incidental to, the design for manufacture of hides or leather used, or intended to be used, in motor vehicles;

(c) an ancillary activity carried on in connection with, or incidental to, a manufacturing activity mentioned in paragraph (a);

(d) an ancillary activity carried on in connection with, or incidental to, a design activity mentioned in paragraph (b).

(e) the manufacture of a prescribed product;

(f) an activity that is carried on in respect of the design for manufacture of a prescribed product;

(g) an ancillary activity carried on in respect of a manufacturing activity to which paragraph (e) applies;

(h) an ancillary activity carried on in respect of a design activity to which paragraph (f) applies.

(4) Despite anything else in this section, a manufacturing activity of a kind referred to in Subdivision 21 or any of Subdivisions 23 to 29 of Division C of ANZSIC, and not mentioned in subsection (1), is not an eligible clothing and household textile activity.

(5) For paragraph (1) (a), a manufacturing activity of a kind mentioned in Part B or C of Schedule 1 may be carried on by the entity on a fee or commission basis, using client-supplied materials or materials purchased or transferred in from other entities.

(6) A product resulting directly and predominantly from an eligible clothing and household textile activity mentioned in paragraph (1) (a) (other than an activity carried on in relation to a prescribed product) is an eligible clothing and household textile product.

(7) In this section:

ancillary activity means:

(a) an activity mentioned in Part A or Part D of Schedule 1; or

(b) a warehousing and distribution activity.

prescribed product means any of the following:

(a) disposable baby napkins;

(b) sanitary napkins;

(c) panty liners;

(d) disposable bed protectors;

(e) disposable incontinence products.
1.7 **Meaning of program year**

(1) Each of the following periods is, for an entity, a *program year*:

(a) the period commencing on 1 July 2010 and ending at the end of 30 June 2011 (the 2010/2011 *program year*);

(b) the period commencing on 1 July 2011 and ending at the end of 30 June 2012 (the 2011/2012 *program year*);

(c) the period commencing on 1 July 2012 and ending at the end of 30 June 2013 (the 2012/2013 *program year*);

(d) the period commencing on 1 July 2013 and ending at the end of 30 June 2014 (the 2013/2014 *program year*);

(e) the period commencing on 1 July 2014 and ending at the end of 30 June 2015 (the 2014/2015 *program year*).

(2) However, if an entity adopts, under section 18 of the ITAA 1936, a 12 month accounting period ending on a date other than 30 June, a reference in this scheme to a program year, for that entity, is a reference to the equivalent 12 month accounting period for that entity.

**Examples**

1. For an entity whose adopted accounting period ends on 31 October 2012, the 2011/2012 program year is the period commencing on 1 November 2011 and ending at the end of 31 October 2012.

2. For an entity whose adopted accounting period ends on 31 March 2012, the 2011/2012 program year is the period commencing on 1 April 2011 and ending at the end of 31 March 2012.

(3) If, as a result of the operation of section 18 of the ITAA 1936, the program period for an entity claiming clothing and household textile expenditure would, apart from this subsection, exceed 5 years after the last program year of the program period is taken to end for the entity, the program period is taken to end at the end of the period of 5 years commencing on the first day of the program period for the entity.

**Note** Subsection 8.2 (3) in Part 8 modifies this subsection for an entity carrying over to this scheme from the TCF Post-2005 (SIP) Scheme.

1.8 **Meaning of sample production**

(1) For the scheme, *sample production*, for an eligible clothing and household textile product, means production of the product otherwise than in commercial quantities.

(2) The production of an eligible clothing and household textile product for stockpiling is taken to be production in commercial quantities.
Section 1.9

Meaning of total eligible revenue

(1) For the scheme, total eligible revenue, for an entity (other than an entity mentioned in subsection (3)) and for a period, means the total revenue derived by the entity from sales, except sales to New Zealand, of the entity’s eligible clothing and household textile products during the period, excluding:

(a) any GST, excise or sales tax; and
(b) any subsidy given during the period by the Commonwealth, or a State or Territory.

(2) In subsection (1), a reference to the entity’s eligible clothing and household textile products is a reference:

(a) if the entity is carrying on an eligible clothing and household textile activity mentioned in paragraph 1.6 (1) (a) — to eligible clothing and household textile products manufactured by the entity; or

(b) if the entity is not carrying on an eligible clothing and household textile activity mentioned in paragraph 1.6 (1) (a), but is carrying on an eligible clothing and household textile activity mentioned in paragraph 1.6 (1) (b) in accordance with paragraphs 6.2 (3) (a) and (b) — to eligible clothing and household textile products manufactured on behalf of the entity by another entity; or

(c) if the entity is not carrying on an eligible clothing and household textile activity mentioned in paragraph 1.6 (1) (a), but is carrying on an eligible clothing and household textile activity mentioned in paragraph 1.6 (1) (c) — to eligible clothing and household textile products manufactured by the entity that carries on the manufacturing activity mentioned in paragraph 1.6 (1) (e); or

(d) if the entity is not carrying on an eligible clothing and household textile activity mentioned in paragraph 1.6 (1) (a), but is carrying on an eligible clothing and household textile activity mentioned in paragraph 1.6 (1) (d) — to eligible clothing and household textile products manufactured, on behalf of the entity that carries on the design activity mentioned in paragraph 1.6 (1) (d), by another entity.

(3) If an entity is carrying on an eligible clothing and household textile activity of a kind mentioned in Part B or C of Schedule 1 on a fee or commission basis, the total eligible revenue for the entity and for a period is the total of the fees and commissions earned by the entity during the period for that activity, excluding:

(a) any GST; and

(b) any subsidy given during the period by the Commonwealth, or a State or Territory.
### 1.10 References to an entity

In the scheme, unless the contrary intention appears, a reference to an *entity*, in relation to the doing of anything by the entity for the purposes of the scheme, does not include a reference to an agent of the entity, except where:

(a) the entity is a body corporate; and  
(b) the agent is a director or other officer of the body corporate, or an employee of the body corporate having management responsibility.

### 1.11 References to an innovation grant for a program year

In the scheme, a reference to an *innovation grant* to or for an entity for a program year is a reference to an innovation grant to the entity relating to eligible clothing and household textile expenditure incurred by the entity in the program year.

### 1.12 References to the cost or price of plant, etc

In the scheme, a reference to the *cost* or *price* of land, buildings, plant, materials or anything else is a reference to the cost or price excluding any GST, excise or sales tax.
Part 2  Innovation grants

Division 2.1  Innovation grants

Subdivision 2.1.1  Activities for innovation grants

2.1  What is an innovation grant

(1) An innovation grant, for an entity for a program year, is a grant payable in relation to eligible clothing and household textile expenditure by the entity in that year that is directly attributable to any of the following activities carried on by, or on behalf of, the entity in respect of an eligible clothing and household textile activity:

(a) a research and development activity of a kind mentioned in section 2.2;
(b) a research and development activity being a product development activity of a kind mentioned in subsection (2).

(2) For paragraph (1) (b), a product development activity must be:

(a) innovative product design within the meaning of section 2.3; or
(b) innovative process improvement within the meaning of section 2.4; or
(c) market research within the meaning of section 2.5; or
(d) obtaining industrial property rights within the meaning of section 2.6.

(3) For paragraph (1) (b), if a product development activity is carried on on behalf of the entity by another entity, the activity must be carried on under a written contract or in accordance with detailed written and binding arrangements.

(4) An innovation grant may be made in relation to more than 1 eligible clothing and household textile activity.

Note  Subdivision 20-A (Insurance, indemnity or other recoupment for deductible expenses) of Chapter 2 of the ITAA 1997 and Subdivision 355-G (Clawback of R&D recoupments) of Chapter 3 of the ITAA 1997 are relevant to an innovation grant.

2.2  Research and development activities

(1) For paragraph 2.1 (1) (a), a research and development activity must be directed at a product or process.

(2) If the activity is not Australian-based, the activity must be necessary:

(a) to carry on an Australian-based research and development activity (for example, product testing at a facility that is not available in Australia); or
(b) to tailor an Australian-based research and development activity to the requirements of a particular market.
(3) If the activity is carried out by an entity on behalf of another entity:
   (a) if the activity is Australian-based, the entity carrying out the activity
       must be a research service provider registered under section 29A of the
       Industry Research and Development Act 1986; and
   (b) the activity must be carried on under a written contract or in
       accordance with detailed written and binding arrangements.

2.3 Innovative product design
(1) For paragraph 2.1(2) (a), an innovative product design activity must be:
   (a) Australian-based; and
   (b) an activity directly concerned with:
       (i) the design, testing, trial and sample production of a particular
           innovative eligible clothing and household textile product; or
       (ii) innovation in the design, testing, trial and sample production of a
            particular eligible clothing and household textile product.

(2) However, an activity ceases to be an innovative product design activity if it
    is routinely undertaken or is directed solely at achieving visual product
    differentiation.

2.4 Innovative process improvement
(1) For paragraph 2.1(2) (b), an innovative process improvement activity must be:
   (a) Australian-based; and
   (b) directed at innovative improvement of a production process for an
       eligible clothing and household textile product.

Example
An innovative process improvement activity must be an improvement leading to a point of
change from, or a change of a technical nature to, the original production process.

(2) However, an activity ceases to be an innovative process improvement
    activity if it is routinely undertaken.

2.5 Market research
(1) For paragraph 2.1 (2) (c), market research comprises market testing, market
    development or sales promotion (including consumer surveys) that is not
    routine, is not related to trade showings and in-store promotions and that
    has as its main purpose the introduction of an innovative eligible clothing
    and household textile product.

(2) Market testing, market development or sales promotion for a purpose
    mentioned in subsection (1) must be carried on before production (other
    than sample production) of the product.
(3) For subsection (1), **trade showings and in-store promotions** are comprised of participation by an entity (otherwise than as a retailer) in trade showings and in-store promotions of an eligible clothing and household textile product:

(a) for which the entity:
   (i) has applied to register a trade mark in Australia; or
   (ii) is the registered owner of a trade mark in Australia; and
(b) that is marketed, or is to be marketed, under that trade mark.

*Note* The *Trade Marks Act 1995* sets out the requirements for registering a trade mark, and for identifying who is the registered owner of a trade mark.

### 2.6 Obtaining industrial property rights

(1) For paragraph 2.1 (2) (d), obtaining industrial property rights in respect of an innovative eligible clothing and household textile product comprises:

(a) the preparation and lodging of applications and other documents that are required to be lodged, in Australia or elsewhere, for the initial grant, registration or certification of the rights; and

(b) the initial grant or registration of the rights, in Australia or elsewhere.

(2) In subsection (1):

**industrial property rights** means:

(a) the rights (including equitable rights) possessed by a person under a law of Australia as:
   (i) the patentee of a patent in force for an invention; or
   (ii) the patentee of an innovation patent in force for an invention; or
   (iii) the owner of a registered trade mark; or
   (iv) the owner of a registered design; or

(b) rights possessed by a person under a law of a foreign country that are equivalent to the rights mentioned in paragraph (a).

### Subdivision 2.1.2 Eligible clothing and household textile expenditure for innovation grants

### 2.7 What is eligible clothing and household textile expenditure for an innovation grant

Expenditure is eligible clothing and household textile expenditure for an innovation grant to an entity for a program year only if it:

(a) is of a kind mentioned in, and is incurred in accordance with, sections 2.9 and 2.10; and

(b) reflects costs based on normal commercial values and arms length transactions.
2.8 What is not eligible expenditure for an innovation grant

Expenditure is not eligible expenditure for this Subdivision if it relates to travel costs.

2.9 Expenditure on research and development activities

(1) Expenditure on a research and development activity must relate to 1 or more of the following:
   (a) salaries;
   (b) a contract or other arrangement mentioned in subsection 2.1 (3) or 2.2 (3);
   (c) the acquisition or construction of BIC plant that is pilot plant or a plant prototype;
   (d) non-capitalised prototype expenditure;
   (e) costs of materials for the activity.

(2) Expenditure relating to salaries is limited to the sum of salary costs of employees of the entity engaged primarily and directly on core elements of the activity comprising:
   (a) salary costs; and
   (b) associated costs (including on-costs, administrative support costs and overhead costs) set at 75% of salary costs.

(3) Expenditure on the acquisition or construction of BIC plant, must:
   (a) be expenditure for pilot plant or plant prototypes, of which the entity is the financial owner, for use exclusively in Australia; and
   (b) comply with, and be incurred in accordance with, items 1 to 3 in the following table.

<table>
<thead>
<tr>
<th>Item</th>
<th>Activity</th>
<th>Conditions</th>
</tr>
</thead>
</table>
| 1    | Acquisition of new pilot plant or plant prototype | The expenditure:
   (a) must represent the value of the pilot plant or plant prototype capitalised in the entity’s accounts, less the amount, if any:
   (i) recovered from any trade-in; or
   (ii) received under an insurance claim made in relation to any damaged plant replaced by the acquisition; or |
<table>
<thead>
<tr>
<th>Item</th>
<th>Activity</th>
<th>Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Acquisition of new pilot plant or plant prototype purchased under a hire purchase agreement or financed through a finance lease</td>
<td>(iii) received from the sale of any scrapped or damaged plant replaced by the acquisition; or (iv) received from the sale of any plant decommissioned as a result of the acquisition; and (b) is taken to have been incurred only when the pilot plant or plant prototype has been paid for and commissioned.</td>
</tr>
<tr>
<td></td>
<td>The expenditure:</td>
<td>(a) must represent the value of the pilot plant or plant prototype shown in the hire purchase agreement or finance lease and capitalised in the entity’s accounts, less the amount, if any: (i) recovered from any trade-in; or (ii) received under an insurance claim made in relation to any damaged plant replaced by the acquisition; or (iii) received from the sale of any scrapped or damaged plant replaced by the acquisition; or (iv) received from the sale of any plant decommissioned as a result of the acquisition; and (b) is taken to have been incurred only when the first instalment under the agreement or lease has been paid and the pilot plant or plant prototype has been commissioned.</td>
</tr>
<tr>
<td>3</td>
<td>Construction of pilot plant or plant prototype</td>
<td>(a) is limited to the sum of: (i) the costs of materials; and (ii) salary costs; and (iii) associated costs (including on-costs, administrative support costs and overheads) set at 75% of salary costs; and (iv) establishment and commissioning costs; and (b) must be capitalised in the entity’s accounts; and (c) is taken to have been incurred only when the pilot plant or plant prototype is commissioned or, if commissioning is not required, when the plant is operational.</td>
</tr>
</tbody>
</table>
Section 2.10

(4) Non-capitalised prototype expenditure:
   (a) must relate to the making of an initial model, mock-up or similar thing for an innovative eligible clothing and household textile product, or an innovative process for an eligible clothing and household textile product, including expenditure on dies, jigs and testing materials, but not including expenditure on general sales samples; and
   (b) is taken to be the net expenditure after deduction of the proceeds (if any) of the sale of materials acquired for the purpose of paragraph (a).

Note: Amounts and percentages mentioned in subsection (2) and item 3 of the table in subsection (3) may be reviewed during the period of the scheme, and may be changed by amendment of the scheme.

2.10 **Expenditure on product development activities**

(1) If a product development activity mentioned in section 2.3, 2.4, 2.5, or 2.6 is carried on by the entity, the expenditure must relate to salaries and materials costs incurred in Australia in carrying on the product development activity.

(2) Expenditure on salaries is to be treated in the same manner as salaries relating to research and development activities, and subsection 2.9 (2) applies accordingly.

(3) Expenditure on a product development activity mentioned in section 2.6 is limited to costs and fees directly related to the matters mentioned in that section.

(4) If a product development activity mentioned in paragraph 2.1 (1)(b) is carried on for the entity by another entity, the expenditure may also relate to the contract or other arrangement mentioned in subsection 2.1 (3).
Part 3  
Registration of entities for innovation grants

Section 3.1

3.1 Application for registration for innovation grants

(1) An entity that intends to make a claim for eligibility for an innovation grant must apply to the Secretary to be registered for the scheme.

(2) An entity is not eligible to apply for registration unless the entity carries on, or proposes to carry on, an eligible clothing and household textile activity.

(3) An application for registration must be in respect of a program year:

(4) The application:

(a) must be in writing in a form approved by the Secretary; and
(b) must include the information mentioned in subsection (5); and
(c) must be signed in the manner indicated in the form.

Note Applications and other documents under the scheme may be sent electronically — see section 7.11.

(5) For subsection (4), the application must contain the following:

(a) the name of the applicant entity;
(b) the entity’s ABN or ACN, and date of formation or incorporation, if applicable;
(c) if the applicant entity is a trust — the type of trust and details of the beneficiaries;
(d) contact addresses (both street and postal);
(e) the names of directors and major shareholders (if applicable), and of key management personnel;
(f) details of the size of the entity (including current employment levels and the employment levels for the 2 income years of the entity before the income year in which the application is made), as well as annual turnover and a general description of the entity’s activities;
(g) details of any other entity if information about it is required to be consolidated with a report or statement of the applicant under the Corporations Act 2001, including the other entity’s ACN, the names of directors and major shareholders, and an organisation chart for the consolidated operations.

(6) The applicant entity must give to the Secretary:

(a) the documents and information mentioned in section 3.2; and
(b) together with the application for registration, the documents and information mentioned in sections 3.3 and 3.4.
Section 3.4

3.2 Financial statements etc

(1) For subsection 3.1 (6) and 3.10 (4), the applicant entity must give the Secretary the financial information required by this section.

(2) The entity must give the Secretary the financial information mentioned in subsection (3) for the last income year of the entity, before the income year in which the application is made, in which it carried on business operations.

(3) For subsection (2), the financial information is:
   (a) if the entity is required, under section 296 of the Corporations Act 2001, to prepare financial reports in accordance with accounting standards:
      (i) financial reports prepared in accordance with those standards; and
      (ii) if the entity is required, under section 301 of the Corporations Act 2001, to have an annual audit of the financial report — a copy of the auditor’s report; or
   (b) in any other case — financial statements comprising a balance sheet and a profit and loss statement, together with notes to the statements and underlying assumptions made in their preparation.

3.3 Description of activities and estimates of expenditure

For subsection 3.1 (6), the applicant entity must give:

(a) a detailed description of eligible clothing and household textile activities and eligible clothing and household textile products in relation to which claims are likely to be made for the next 2 program years under the scheme; and

(b) the estimated total eligible clothing and household textile expenditure in respect of which claims are likely to be made for the next 2 program years under the scheme.

3.4 Strategic business intent

For subsection 3.1 (6), the applicant entity must give a statement of strategic business intent that:

(a) is drawn from the strategic business plan prepared in accordance with section 3.5; and

(b) includes the business, operational and financial strategies that will guide the entity to sustainable operations for eligible clothing and household textile activities beyond the end of the program period.
3.5 Strategic business plan

(1) The applicant entity must have a strategic business plan for the entity that complies with this section.

Note A strategic business plan means a strategic business plan that incorporates a strategic investment plan — see section 4 of the Act.

(2) The strategic business plan must relate to:
   (a) the program year in respect of which the application for registration is made; and
   (b) the remaining program years (if any) of the program period.

(3) However, if, for an entity, there are less than 2 remaining program years in the program period, the strategic business plan must relate, in addition to the program years mentioned in paragraphs (2) (a) and (b), to 1 or more income years of the entity after the end of the program period, so that the strategic business plan relates to at least 3 income years of the entity.

(4) The strategic business plan must indicate the entity’s strategic direction for the whole of the program period.

(5) The strategic business plan must:
   (a) give details of the strategies (including financial plans) that will enable the entity to carry on sustainable operations for eligible clothing and household textile activities beyond the end of the program period; and
   (b) include appropriate operational plans, details of financial commitment and controls, financial projections and assumptions on which forecasts are based.

(6) If the Secretary, in writing, requests the entity to make available a copy of the entity’s strategic business plan, the entity must comply with the request within a reasonable period specified by the Secretary in the request.

Note See subsections 8.2 (1) and (2) for transitional applications.

3.6 Additional information

(1) If it appears to the Secretary that an application by an entity, or information submitted with the application, is incomplete or insufficient for the purpose of registration, the Secretary, in writing, may request the entity to do either or both of the following:
   (a) make a further application in such form as is specified in the request;
   (b) give further information mentioned in the request.

(2) The entity must comply with a request under subsection (1) within a reasonable period specified by the Secretary in the request.

(3) The Secretary is not required to make a decision on the application until the entity complies with the request.
### 3.7 Time limits for registration

An entity wishing to make a claim for eligibility for an innovation grant for a program year must apply to be registered before 1 July of the relevant program year.

*Note 1* If, for example, an entity wishes to make a claim for eligibility for an innovation grant for the 2011/2012 program year, the entity must apply before 1 July 2011 to be registered.

*Note 2* Section 3.12 provides for extension of time limits for registration.

### 3.8 Registration of entity

1. The Secretary must notify an entity of the receipt of the entity’s application for registration.

2. The Secretary must register the entity if the Secretary is satisfied, on consideration of the application, that the entity:
   - is eligible to apply for registration; and
   - has complied with the requirements of this Part for registration.

3. If the Secretary is not satisfied as to a matter mentioned in paragraph (2) (a) or (b), the Secretary must refuse to register the entity.

4. For subsections (2) and (3), the Secretary is not to take the eligibility of the entity for an innovation grant under the scheme into account.

### 3.9 Effects of registration

1. If the Secretary registers an entity, the registration is taken to have effect from the day on which the Secretary receives the initial application, whether or not a further application is made under section 3.6.

2. Registration of an entity has effect for the program year for which registration was sought.

3. Registration of an entity does not, of itself, give rise to an entitlement to an innovation grant.

*Note* Part 4 deals with the transfer of registration.

### 3.10 Application for renewal of registration

1. Subject to this section, an entity that is registered, or has been registered, for a program year, may apply for a renewal of registration for a later program year (whether or not the entity intends to make a claim for that program year).

2. An entity is not eligible to apply for a renewal of registration if it no longer carries on, or no longer proposes to carry on, an eligible clothing and household textile activity.
Section 3.11

(3) An application for renewal must:
   (a) be in a form approved by the Secretary; and
   (b) include:
      (i) details of any variation or updating of the information given to
          the Secretary under section 3.3, 3.4 or 3.6 in relation to an
          activity in respect of which the entity proposes to make a claim
          (including any change in the estimated total eligible clothing and
          household textile expenditure in respect of which claims are
          likely to be made); and

      Example
      If an entity wishes, in the 2010/2011 program year, to renew its registration for
      participation in the scheme in the 2011/2012 program year, the entity must include with its
      application for the renewal an estimate of its total eligible clothing and household textile
      expenditure for the 2010/2011 program year if that estimate differs from the estimate
      provided under section 3.3.

      (ii) a detailed description of eligible clothing and household textile
           activities and eligible clothing and household textile products in
           relation to which claims are likely to be made for the next
           2 program years under the scheme; and

      (iii) the estimated total eligible clothing and household textile
           expenditure in respect of which claims are likely to be made for
           the next 2 program years under the scheme.

(4) Also, the applicant entity must give to the Secretary the documents and
     information mentioned in section 3.2.

(5) Sections 3.6 and 3.7 apply to an application for renewal of registration in
     the same way as they apply to an application for registration under
     section 3.1.

     Note Section 3.6 provides that the Secretary may request additional information.
     Section 3.7 imposes time limits for an application for registration.

3.11 Renewal of registration

(1) The Secretary must notify an entity of the receipt of the entity’s application
    for renewal of registration.

(2) The Secretary must renew the registration if the Secretary is satisfied that
    the entity:
    (a) is eligible to apply for a renewal of registration; and
    (b) has complied with the requirements of section 3.10.

(3) If the Secretary is not satisfied as to any of the matters mentioned in
    paragraph (2) (a) or (b), the Secretary must refuse to renew the registration.

(4) For subsections (2) and (3), the Secretary is not to take the eligibility of the
    entity for an innovation grant under the scheme into account.
Section 3.12  Extension of time for registration or renewal

(1) The Secretary, on the written application of an entity, may extend the period within which the entity may apply for registration, or renewal of registration, for a program year.

(2) The Secretary must not extend the period unless the Secretary is satisfied that, because of exceptional circumstances affecting the entity, there is good reason to do so.

(3) If:
   (a) the Secretary extends the period within which an entity may apply for registration, or renewal of registration, for a program year; and
   (b) the extended period ends after the commencement of the program year for which the entity is seeking registration or renewal of registration;

   the financial statements that the entity must, under section 3.2, give to the Secretary with the application are the financial statements that would have been applicable if the entity had applied for registration within the time limits set out in section 3.7.

(4) Also, the Secretary must not extend the period beyond the end of the program year for which registration or renewal of registration is sought.

(5) To avoid doubt, failure to apply for registration or renewal of registration before 1 July of the relevant program year due to oversight or ignorance is not to be regarded as an exceptional circumstance for the purpose of subsection (2).

Section 3.13  Notice of registration or refusal to register etc

(1) The Secretary must give written notice to an entity of:
   (a) the entity’s registration or renewal of registration; and
   (b) if the period within which an application for registration or renewal is made is extended under section 3.12 — details of the extension.

(2) If the Secretary refuses an application for registration or renewal of registration, or for an extension of the period for registration or renewal, the Secretary must give written notice of:
   (a) the refusal; and
   (b) the reasons for the refusal.

Note  Section 7.3 requires the notice to be accompanied by a statement about the entity’s right to have the decision reconsidered or reviewed.
Section 3.14

(3) If the Secretary has not decided the application within the decision period, the entity may, at any time, give the Secretary written notice that the entity wishes to treat the application as having been refused.

(4) For section 7.1, if the entity gives notice under subsection (3), the Secretary is taken to have refused the application, and to have notified the entity of the decision, on the day on which the entity gives notice.

(5) In subsection (3):

decision period, in relation to an application, means:

(a) if, within the period of 30 days commencing on the day when the application is received, the Secretary requests further information, or a further application, under section 3.6 — the period of 30 days commencing on the day when the further information or application is received; or

(b) in any other case — the period of 30 days commencing on the day when the application is received.

3.14 Effect of non-registration

An entity that is not registered for a program year is not eligible for an innovation grant for that year.

3.15 Register of entities

(1) The Secretary must maintain a register of entities that are registered for the scheme.

(2) In any proceedings relating to the scheme, a document that appears to a court or tribunal to be a certificate by the Secretary, in accordance with subsection (3), certifying a statement to the effect mentioned in subsection (4):

(a) is evidence of the truth of the statement; and

(b) may be received in evidence without being proved.

(3) The certificate must be signed by the Secretary and be expressed to be in accordance with the register.

(4) The statement must be to the effect that, on a specified date, or during a specified period, a specified entity was, or was not, registered for a particular program year.
3.16 Notice of likely change in eligible clothing and household textile expenditure

(1) An entity that is registered for a program year must give written notice to the Secretary of:

(a) any likely significant change in eligible clothing and household textile expenditure to be incurred by the entity in the program year in respect of which the entity proposes to make a claim; and

(b) any likely implications of the change on the estimated total eligible clothing and household textile expenditure in respect of which claims are likely to be made for the next 2 program years under the scheme.

(2) The entity must give the notice as soon as the entity becomes aware of the likely change.
Part 4 Transfer of registration

4.1 Interpretation for Part 4
In this Part, unless the contrary intention appears:

*business*, of an entity, includes a part of the business of the entity.

4.2 Transfer of registration generally
Registration of an entity is not transferable (whether by way of or in consequence of sale, assignment, charge, execution, bankruptcy, insolvency or otherwise) except with the approval, in writing, of the Secretary.

4.3 Transfer of registration on transfer of business
(1) This section applies if an entity (the *transferor entity*) that is registered for a program year transfers the business of the entity to another entity (the *transferee entity*).

(2) The transferee entity may apply to the Secretary for a transfer of registration for the program year.

(3) An application must:
(a) be in a form approved by the Secretary; and
(b) be signed in a manner indicated in the form; and
(c) include the following:
   (i) details of the relationship (if any) between the transferor entity and the transferee entity;
   (ii) a business case for the transfer of the business;
   (iii) a statement of strategic business intent of the transferee entity, of the kind mentioned in section 3.4, incorporating the transferred business;
   (iv) the date, or proposed date, of effect of the transfer of the business.

(4) The Secretary may:
(a) approve the transfer of registration, with or without conditions; or
(b) refuse to approve the transfer of registration.

(5) However, the Secretary must not approve a transfer of registration if:
(a) the business transferred does not include the whole of the eligible clothing and household textile activity or activities carried on by the transferor entity; or
(b) there are reasonable grounds for believing that the primary purpose of the transfer of the business is to obtain an entitlement to an innovation grant under the scheme; or

(c) the amount of an innovation grant to which the transferee entity would be entitled in respect of eligible clothing and household textile expenditure incurred by the transferor entity before the transfer would be more than the amount of the innovation grant to which the transferor entity would have been entitled if the business had not been transferred; or

(d) the transferee entity does not carry on, or does not propose to carry on, the eligible clothing and household textile activity or activities of the transferor entity; or

(e) the transferee entity does not propose to incur eligible clothing and household textile expenditure in a subsequent program year; or

(f) the business transferred includes a product development activity in respect of which the transferor entity has incurred eligible clothing and household textile expenditure in obtaining industrial property rights, and those industrial property rights are not transferred to the transferee entity.

(6) Subsection (5) does not limit the discretion of the Secretary under subsection (4) to refuse to approve a transfer of registration on other grounds.

(7) If the Secretary refuses to approve a transfer of registration, or approves the transfer of registration subject to conditions, the Secretary must give written notice to the transferee entity of:
   (a) the decision; and
   (b) the reasons for the decision.

(8) If the Secretary approves the transfer of registration, the Secretary must notify the transferee entity of the approval and amend the register maintained under section 3.15 accordingly.

4.4 Additional information

(1) If it appears to the Secretary that an application for a transfer of registration by an entity, or information submitted with the application, is incomplete or insufficient for the purpose of the application, the Secretary, in writing, may request the entity to do either or both of the following:
   (a) make a further application in such form as is specified in the request;
   (b) give further information mentioned in the request.

(2) The entity must comply with a request under subsection (1) within a reasonable period specified by the Secretary in the request.
Section 4.5

4.5 Effect of transfer of registration

(1) This section applies, subject to sections 4.6 and 4.7, if a transfer of registration for a program year is approved under section 4.3.

(2) On approval of the transfer of registration, the transferor entity ceases to have any right or entitlement under the scheme in respect of eligible clothing and household textile expenditure incurred in the program year.

(3) For the purposes of the scheme:

(a) any eligible clothing and household textile activity carried on by the transferor entity before the transfer of the business in the program year or in the immediately preceding program year is taken to have been carried on by the transferee entity; and

(b) any eligible clothing and household textile expenditure incurred by the transferor entity before the transfer of the business in the program year or in the immediately preceding program year in relation to an eligible clothing and household textile activity mentioned in paragraph (a) is taken to have been incurred by the transferee entity; and

Note See subsections 8.2 (1) and (2) for transitional applications.

(c) anything done by the transferor entity before the transfer of registration for the purposes of the scheme (including any step taken for the renewal of registration, for making a claim for eligibility for an innovation grant, for the determination of an entitlement to an innovation grant or for making a request for an advance of an innovation grant) is taken to have been done by the transferee entity; and

(d) anything:

(i) that has not been done before the transfer of registration by the transferor entity for the purpose of making a claim for eligibility for an innovation grant for the program year to which the registration applies, or for the determination of an entitlement to an innovation grant; and

(ii) that could, but for the transfer of registration, have been done by the transferor entity on or after the day on which registration was transferred;

may be done by the transferee entity.

Note See subsections 8.2 (1), (2) and (4) for transitional applications.
4.6 Status of activities and expenditure unchanged

(1) An activity that, if carried on by a transferor entity in the program year to which the transferred registration applies, is not an eligible clothing and household textile activity:

(a) does not, by reason of the transfer of the business, become an eligible clothing and household textile activity for the program year; and

(b) if carried on in the program year by the transferee entity, is taken not to be an eligible clothing and household textile activity for the program year.

(2) Expenditure that, if incurred by a transferor entity in the program year to which the transferred registration applies, is not eligible clothing and household textile expenditure:

(a) does not, by reason of the transfer of the business, become eligible clothing and household textile expenditure for the program year; and

(b) if incurred in the program year by a transferee entity, is taken not to be eligible clothing and household textile expenditure for the program year.

(3) An activity that, if carried on by a transferee entity before the transfer of the business in the program year to which the transferred registration applies, is not an eligible clothing and household textile activity, does not, by reason of the transfer of the business, become an eligible clothing and household textile activity for the program year.

(4) Expenditure that, if incurred by a transferee entity in the program year to which the transferred registration applies, is not eligible clothing and household textile expenditure does not, by reason of the transfer of the business, become eligible clothing and household textile expenditure for the program year.

(5) To avoid doubt, consideration paid by the transferee entity for the transfer of the business, or for any right or entitlement under the scheme, is not eligible clothing and household textile expenditure.

4.7 Treatment of total eligible revenue and total eligible start-up investment amounts

(1) For subsection 6.23 (1), the total eligible revenue for a transferee entity for an income year in respect of which the registration is transferred is taken to be the sum of:

(a) the total eligible revenue of the transferor entity for the income year or, if the transfer of the business occurred during the income year, for that part of the income year during which the business was owned by the transferor entity; and

(b) the total eligible revenue (if any) of the transferee entity for the income year.
Section 4.7

(2) For subsection 6.23 (2), the total of the eligible start-up investment amounts for a transferee entity for an income year in respect of which the registration is transferred is taken to be the sum of:

(a) the eligible start-up investment amounts of the transferor entity for the income year or, if the transfer of the business occurred during the income year, for that part of the income year during which the business was owned by the transferor entity; and

(b) the eligible start-up investment amounts (if any) of the transferee entity for the income year.
Part 5 Advances of innovation grants

Division 5.1 Introductory

5.1 Effect of Part

This Part has effect despite anything else in the scheme.

5.2 What is an advance of an innovation grant

(1) An advance of an innovation grant, for an entity, is an amount that may become payable to the entity under this Part by way of an advance on account of the innovation grant.

(2) An advance of an innovation grant may be made in relation to more than 1 eligible clothing and household textile activity.

(3) If:
(a) an entity requests an advance of an innovation grant; and
(b) the entity is eligible for an advance of an innovation grant;
the entity’s eligibility does not, of itself, give rise to an entitlement to an innovation grant.

5.3 Effect of non-registration

An entity that is not registered for a program year is not eligible for an advance of an innovation grant for that year.

5.4 References to an advance of an innovation grant for a program year

In this Part, a reference to an advance of an innovation grant to an entity for a program year is a reference to an advance of an innovation grant to the entity relating to eligible clothing and household textile expenditure incurred by the entity in the program year.
Division 5.2  Advances of innovation grants

Subdivision 5.2.1  Requests for advances of innovation grants

5.5 Requests for advances of innovation grants

(1) If an entity intends to make a claim for eligibility for an innovation grant for a program year, the entity may request the Secretary, in accordance with this Subdivision, for an advance of the innovation grant.

Note  An entity is not eligible for an advance of an innovation grant if, when the request for an advance is made, the entity is no longer carrying on an eligible clothing and household textile activity — see section 7.6.

(2) An entity may not make a request for an advance of an innovation grant if the entity:

(a) has previously been paid an advance of an innovation grant for a program year but has not made a claim, under Part 6, for the innovation grant; or

(b) has previously been paid an advance of an innovation grant for a program year and has made a claim, under Part 6, for the innovation grant, but has not been paid the innovation grant under that Part; or

(c) has previously been paid an advance of a grant for a program year and has been paid a grant under Part 6 for that year, but:

(i) the amount of the advance exceeded the amount of the grant; and

(ii) the amount of the excess has not been repaid by the entity to the Commonwealth and the entity has not arranged with the Commonwealth for the amount to be deducted in full from the advance; or

(d) has incurred a scheme debt and that debt has not been discharged (regardless of the circumstances) or arrangements for its discharge in full by set-off from the advance have not been made with the Commonwealth.

(3) Section 6.2 applies in relation to a request for an advance of an innovation grant in the same way as it applies to a claim for the innovation grant.

(4) A request for an advance of an innovation grant relating to eligible clothing and household textile expenditure by an entity (the contracting entity) in respect of a research and development activity or product development activity carried out, on behalf of the contracting entity, by another entity must be made by the contracting entity.

(5) A request must:

(a) be in a form approved by the Secretary; and

(b) be signed in the manner indicated in the form; and
(c) be accompanied by the documents and information mentioned in section 5.6.

Note Requests and other documents under the scheme may be sent electronically — see section 7.11.

5.6 Information in support of requests for advances of innovation grants

For paragraph 5.5 (5) (c), the documents and information are the following:

(a) a detailed description of eligible clothing and household textile activities:
   (i) carried on in the program year; and
   (ii) in respect of which the request is made;

(b) a statement of eligible clothing and household textile expenditure incurred by the entity in the program year in respect of which the request is made;

(c) a statement of the total eligible revenue derived by the entity in the program year in respect of which the request is made;

(d) a written statement by the entity to the effect that, in the entity’s opinion, the total of advances of an innovation grant for which the entity is applying would not exceed the entity’s innovation grant eligibility amount for the program year in respect of which the request is made.

Note For the entity’s innovation grant eligibility amount, see section 6.18.

5.7 Additional information

(1) If it appears to the Secretary that an application for an advance of an innovation grant by an entity, or information submitted with the application, is incomplete or insufficient for the purpose of the application, the Secretary, in writing, may request the entity to do either or both of the following:

(a) make a further application in such form as is specified in the request;

(b) give further information mentioned in the request.

(2) The entity must comply with a request under subsection (1) within a reasonable period specified by the Secretary in the request.

(3) The Secretary is not required to make a decision on the application until the entity complies with the request.

5.8 Threshold expenditure for advances of innovation grants

(1) An entity is not eligible for an advance of an innovation grant for a program year unless the sum of the amounts mentioned in subsection (2) and (3) exceeds $200 000 (the threshold amount).
(2) For subsection (1), the amounts are:
   (a) the total amount of eligible clothing and household textile expenditure
       for advances of innovation grants incurred by the entity in the program
       year in respect of which the request is made; and
   (b) the total amount of eligible clothing and household textile expenditure:
       (i) incurred by the entity in previous program years; and
       (ii) in respect of which the entity has made a claim.

(3) If an entity incurred eligible expenditure within the meaning of the TCF
    (SIP) Scheme in the 2004/05 program year of that scheme, the entity may
    include, as an amount for subsection (1), the total of Type 1 and Type 2
    eligible expenditure under that scheme incurred in that program year.

(4) However:
   (a) if the entity was not registered under the TCF (SIP) Scheme for the
       2004/05 program year for that scheme, the expenditure referred to in
       subsection (3) is to be assessed as it would have been if a claim in
       relation to that expenditure had been made under that scheme; and
   (b) if the entity was registered under the TCF (SIP) Scheme for the
       2004/05 program year for that scheme, the expenditure referred to in
       subsection (3) may be included only if the entity also made a claim
       under the TCF (SIP) Scheme in relation to that expenditure.

   Note   Expenditure incurred in the 2004/05 program year of the TCF (SIP) Scheme may be
          included in the threshold amount for this section, but may not be the subject of a claim
          under the scheme.

(5) If, for an entity, the sum of the amounts mentioned in subsections (2) and
    (3) exceeds the threshold amount, the entity becomes eligible for an
    advance of an innovation grant in respect of eligible clothing and household
    textile expenditure in each program year if, apart from this section, the
    entity would be eligible for the advance in that year.

   Note   See subsections 8.2 (1), (2) and (5) for transitional applications. It is intended that
          eligible expenditure incurred under the former scheme may be recognised for the purposes
          of applying the threshold expenditure for advances of grants and grants under this scheme.

5.9 When requests for advances of innovation grants must be made

(1) An entity must make a request for an advance of an innovation grant for a
    program year
   (a) in the relevant financial year; and
   (b) on or before the first working day in January of the relevant financial
       year.

   Example
   A request for an advance of an innovation grant for the 2011/12 program year must be
   made on or after 1 July 2012 and before the first working day of January 2013.
(2) Subsection (1) applies to an advance of an innovation grant to an entity for a program year, whether or not the entity applies for renewal of registration for the next following program year.

(3) An entity that fails to comply with subsection (1) for a program year is not eligible for an advance of an innovation grant for the program year.

**Subdivision 5.2.2  Assessment of eligibility for advances of innovation grants**

**5.10  Request for assessment of eligibility for advance**

(1) A request by an entity for an advance of an innovation grant must contain:

(a) information sufficient to establish the entity’s eligibility for an advance of an innovation grant of an amount; and

(b) information sufficient to fulfil the applicable requirements set out in subsections (2) to (4); and

(c) information sufficient to establish that it is registered for the scheme for the program year concerned.

(2) The entity must establish that it has carried on, in the program year, the eligible clothing and household textile activity in respect of which the request is made, in accordance with the documents and information given to the Secretary under sections 3.3, 3.4 and 3.6.

(3) The entity must provide information sufficient to enable the calculation of the amount of expenditure that is eligible clothing and household textile expenditure within the meaning of sections 2.7 to 2.10, incurred by the entity within the program year.

(4) The request must be made in accordance with sections 5.5 to 5.9 and 5.14.

**5.11  Assessment of eligibility for advance**

(1) The Secretary may assess the request and decide whether the entity is eligible for an advance of an innovation grant of an amount.

(2) Without limiting the application of other provisions in the scheme, in deciding the amount of an advance, as far as applicable, sections 5.6, 5.7, 5.8, 5.14 and 5.15 must be taken into account.

(3) However, an object of this section is to permit self-assessment of requests and nothing in this section is to operate to require the Secretary to assess a particular request, or any request.

(4) The Secretary is not to be taken to have assessed an entity’s request for an advance for a program year unless the Secretary has issued a notice under subsection 5.16 (2) in relation to the request.
5.12 **Provision of strategic business plans etc**

An entity is not eligible for an advance of an innovation grant unless the entity has complied with the requirements of Part 3 in relation to the content and submission of strategic business plans.

5.13 **Pre-payment assessment, post-payment monitoring**

An entity that has requested an advance may be selected for pre-payment assessment or post-payment compliance monitoring.

5.14 **Arms length expenditure — advances of innovation grants**

In working out the amount of eligible clothing and household textile expenditure for an advance of an innovation grant, if expenditure has been incurred in a transaction that was not at arms length, the amount of the expenditure is to be taken to be the amount that would reasonably have been expected to have been incurred if the transaction had been at arms length.

5.15 **Cap for advances of innovation grants**

The amount of an advance of an innovation grant made to an entity in respect of eligible clothing and household textile expenditure incurred by the entity during a particular program year must not exceed 25% of that eligible clothing and household textile expenditure.

**Subdivision 5.2.3 Notice of decisions, payment of advances etc**

5.16 **Assessment periods, notice of decisions — advances**

1. This section applies in relation to a request for an advance for an innovation grant for a program year in respect of which the Secretary has made an assessment, or is to make an assessment, under subsection 5.11 (1).

2. If the Secretary decides under subsection 5.11 (1) to make an assessment in relation to a request by an entity, the Secretary must give notice, in writing, to the entity accordingly.

3. The Secretary must give notice, in writing, to an entity making a request for an advance of an innovation grant, within 60 days after receipt of the request:

   a. of the Secretary’s decision as to the entity’s eligibility for the advance and the amount of the advance; or

   b. if the decision cannot be made within 60 days after receipt of the request — of the period within which the decision is to be made, giving reasons for the delay in making the decision.
(4) The Secretary must give notice, in writing, to the entity of a decision to which paragraph (3) (b) applies within 7 days after the decision is made.

(5) If the Secretary decides that the entity is not eligible for an advance of an innovation grant, the notice must include reasons for the decision.

Note Section 7.3 requires the notice to be accompanied by a statement about the entity’s right to have the decision reconsidered or reviewed.

(6) If the Secretary has not given notice to the entity of the Secretary’s decision as to eligibility for an advance of an innovation grant:

   (a) within the period of 60 days mentioned in subsection (1); or

   (b) if the decision is one to which paragraph (3) (b) applies — within 7 days after the end of the period notified by the Secretary under that paragraph,

the entity may, at any time, give the Secretary written notice that the entity wishes to treat the request as having been refused.

(7) For section 7.1, if the entity gives notice under subsection (6), the Secretary is taken to have refused the request, and to have notified the entity of the decision, on the day on which the entity gives notice.

5.17 Resolution of requests for advances of innovation grants

(1) This section applies to a request for an advance of an innovation grant in relation to a program year in respect of which the Secretary does not intend to make an assessment under subsection 5.11 (1).

(2) If the entity has, in its request, satisfied the requirements of sections 5.10 and 7.6, the entity is to be regarded as being eligible for an advance in accordance with the terms of the request.

(3) However, the Secretary may, having taken into account the limits on advances mentioned in this Part, work out the amount of the advance.

(4) Working out of an amount under subsection (3) is not to be regarded as an assessment by the Secretary for the purposes of the scheme.

5.18 Payment of advances of innovation grants

(1) If an entity is eligible for an advance of an innovation grant of an amount, the Secretary must pay that amount to the entity.

(2) The advance must be paid as soon as practicable after 1 July of the relevant financial year.

Example
A request for an advance in relation to the 2011/12 program year must be paid as soon as practicable after 1 July 2012.
Part 6  Claims for innovation grants

Division 6.1  Making a claim

Subdivision 6.1.1  Claims for eligibility for an innovation grant for a program year

6.1  Claim for innovation grant — general

(1) An entity may make a claim to the Secretary, in accordance with this Subdivision, for eligibility for an innovation grant for a program year.

Note  An entity is not eligible for an innovation grant if, when the claim for an innovation grant is made, the entity is no longer carrying on an eligible clothing and household textile activity — see section 7.6.

(2) A claim under this Subdivision must:
   (a) be in a form approved by the Secretary; and
   (b) be signed in a manner indicated in the form; and
   (c) subject to subsection 6.4 (2), be accompanied by the documents and information mentioned in section 6.4.

Note  Claims and other documents under the scheme may be sent electronically — see section 7.11.

6.2  Who may claim for innovation grant — application of subsection 1.6 (1)

(1) An entity that is carrying on an eligible clothing and household textile activity mentioned in paragraph 1.6 (1) (a) may make a claim for eligibility for an innovation grant relating to eligible clothing and household textile expenditure by the entity in respect of an eligible clothing and household textile activity mentioned in paragraph 1.6 (1) (c) for a program year only if the entity also makes a claim relating to eligible clothing and household textile expenditure by the entity in respect of the eligible clothing and household textile activity mentioned in paragraph 1.6 (1) (a) for the program year.

(2) An entity that is carrying on an eligible clothing and household textile activity mentioned in paragraph 1.6 (1) (b) may make a claim for eligibility for an innovation grant relating to eligible clothing and household textile expenditure by the entity in respect of an eligible clothing and household textile activity mentioned in paragraph 1.6 (1) (d) for a program year only if the entity also makes a claim relating to eligible clothing and household textile expenditure by the entity in respect of the eligible clothing and household textile activity mentioned in paragraph 1.6 (1) (b) for the program year.
(3) An entity that is not carrying on an eligible clothing and household textile activity mentioned in paragraph 1.6 (1) (a) may make a claim for eligibility for an innovation grant relating to eligible clothing and household textile expenditure by the entity in respect of an eligible clothing and household textile activity mentioned in paragraph 1.6 (1) (b) only if:

(a) the entity’s primary business is the carrying on of an eligible clothing and household textile activity mentioned in paragraph 1.6 (1) (b); and

(b) the activity represents the whole of the design activity for eligible clothing and household textile products to which the claim relates; and

(c) the manufacture of the eligible clothing and household textile products is carried on in Australia on behalf of the entity by another entity.

(4) An entity that is not carrying on an eligible clothing and household textile activity mentioned in paragraph 1.6 (1) (a) may make a claim for eligibility for an innovation grant relating to eligible clothing and household textile expenditure by the entity in respect of an eligible clothing and household textile activity mentioned in paragraph 1.6 (1) (c) for a program year only if the entity that carries on the manufacturing activity mentioned in paragraph 1.6 (1) (c) makes a claim relating to eligible clothing and household textile expenditure by the entity in respect of that manufacturing activity for the program year.

(5) An entity that is not carrying on an eligible clothing and household textile activity mentioned in paragraph 1.6 (1) (b) may make a claim for eligibility for an innovation grant relating to eligible clothing and household textile expenditure by the entity in respect of an eligible clothing and household textile activity mentioned in paragraph 1.6 (1) (d) for a program year only if the entity that carries on the design activity mentioned in paragraph 1.6 (1) (d) makes a claim relating to eligible clothing and household textile expenditure by the entity in respect of that design activity for the program year.

6.3 Contracting entity

A claim for an innovation grant relating to eligible clothing and household textile expenditure by an entity (the contracting entity) in respect of a research and development activity or product development activity carried on, on behalf of the contracting entity, by another entity must be made by the contracting entity.

6.4 Information in support of a claim for innovation grant

(1) For paragraph 6.1 (2) (c), the documents and information are the following:

(a) a detailed description of eligible clothing and household textile activities:

(i) carried on in the program year; and

(ii) in respect of which the claim is made;
(b) a statement of eligible clothing and household textile expenditure incurred by the entity in the program year in respect of which the claim is made, together with an auditor’s report verifying the eligible clothing and household textile expenditure.

(2) However, a claim need not be accompanied by a particular document or information referred to in subsection (1) if:

(a) the claimant entity has made a request for an advance of the innovation grant under Part 5; and

(b) the information is the same as the information, or the document is the same as the document, that the entity has given to the Secretary in support of the entity’s request for the advance; and

(c) the claim is accompanied by a written statement to that effect by the entity.

Note To ensure that a claim is sufficient and complete, applicants are encouraged to take into account guidelines prepared by and available from AusIndustry whose Internet address is http://www.ausindustry.gov.au.

(3) If it appears to the Secretary that a claim by an entity, or information submitted with the claim, is incomplete or insufficient for the purpose of assessing the claim, the Secretary, in writing, may request the entity to do either or both of the following:

(a) make a further claim in such form as is specified in the request;

(b) give further information mentioned in the request.

(4) The entity must comply with a request under subsection (3) within a reasonable period specified by the Secretary in the request.

(5) The Secretary is not required to assess the claim until the entity complies with the request.

6.5 When claim for innovation grant must be made

(1) An entity must make a claim for eligibility for an innovation grant after the end of the program year in respect of which the claim is made but before 1 March of the relevant financial year.

Example

A claim for eligibility for an innovation grant for the 2011/2012 program year must be made before 1 March 2013.

(2) An entity that fails to comply with subsection (1) for a program year is not eligible for an innovation grant for the program year unless the period for making a claim is extended under section 6.6 and the claim is made within the extended period.

Note Section 6.6 provides that the period for making a claim may be extended by the Secretary in exceptional circumstances.
Subdivision 6.1.2 Extension of time for making claim

6.6 Extension of time for making claim

(1) The Secretary, on the written application of an entity, may extend the period within which the entity may make a claim for eligibility for an innovation grant for a particular program year.

(2) The Secretary must not extend the period unless the Secretary is satisfied that, because of exceptional circumstances affecting the entity, there is good reason to do so.

(3) However, an application to which subsection (2) applies in relation to a claim for a particular program year must be made before 1 April in the relevant financial year.

Example
For subsection 6.6 (3) to apply to an application for an extension of time to lodge a claim under subsection 6.6(1) for eligibility for an innovation grant for the 2011/2012 program year, the application must be made before 1 April 2013. If the application is made after that date, subsections 6.6 (4) and (5) apply in relation to the application.

(4) Further, after 31 March in a financial year and before the end of 30 June in that financial year, the Secretary must not extend the period unless the Secretary is satisfied that, because of most exceptional circumstances affecting the entity, there are overwhelming reasons to do so.

(5) An application to which subsection (4) applies in relation to a particular program year must be made before 30 June in the relevant financial year.

Example
Subsection 6.6 (4) applies to an application for an extension of time to lodge a claim for eligibility for an innovation grant in relation to the 2011/2012 program year made after 31 March 2013. This application must be made before 30 June 2013.

(6) However, the Secretary must not agree to extend the period for lodging a claim if the application is made after the end of the relevant financial year.

Example
The Secretary must not agree to extend the period for lodging a claim for the 2011/2012 program year if the request for extension is made on or after 1 July 2013.

(7) Also, regardless of the circumstances, the Secretary must not grant an extension of time for an entity in relation to a claim for a program year for which the entity has already made a claim under the scheme.

(8) To avoid doubt, failure to lodge a claim within the period set out in section 6.5 due to oversight or ignorance is not to be regarded as an exceptional circumstance for the purpose of subsection (2) or (4).
6.7 Effect of extension of time

(1) If an extension of time is granted to an entity to enable it to lodge a claim after the date when lodgement would otherwise be due, the payment for that claim must be made in the relevant financial year if:
   (a) in relation to the claim, the modulation factor mentioned in section 6.19 is not less than 1; and
   (b) there is sufficient surplus in the amount available for payments under the scheme in that financial year to pay the claim in respect of which the extension was granted; and
   (c) payment can be made within the period specified in section 6.28 for that program year, or before the end of 30 June for the relevant financial year.

(2) However, if:
   (a) an extension of time is granted to an entity to enable it to lodge a claim after the date when lodgement would otherwise be due; and
   (b) assessment of the claim is completed before the modulation factor is calculated and payment is due (regardless of the modulation factor), any payment of the claim must be made in the relevant financial year.

(3) If an extension of time is granted to an entity to enable it to lodge a claim after the date when lodgement would otherwise be due but the requirements of paragraphs (1) (a) to (c) or subsection (2) cannot be met:
   (a) the claim is not to be assessed or paid until the next financial year; and
   (b) the claim is to be treated as a claim being made for a relevant program year in that financial year.

(4) However, an extension of time must not be granted to an entity to enable it to lodge a claim after the date when lodgement would otherwise be due for the 2014/2015 program year unless the requirements of paragraphs (1) (a) to (c) or subsection (2) are met.

6.8 Notice of decision about extending claim period

(1) The Secretary must give written notice to the entity of a decision of the Secretary on an application under section 6.6.

(2) If the Secretary refuses the application, the Secretary must give written notice of:
   (a) the refusal; and
   (b) the reasons for the refusal.

Note  Section 7.3 requires the notice to be accompanied by a statement about the entity’s right to have the decision reconsidered or reviewed.

(3) If the Secretary has not decided an application within 30 days after the application is made, the entity may, at any time, give the Secretary written notice that the entity wishes to treat the application as having been refused.
(4) For section 7.1, if the entity gives notice under subsection (3), the Secretary is taken to have refused the application, and to have notified the entity of the decision, on the day on which the entity gives notice.

Division 6.2  Assessment of claims

Subdivision 6.2.1  Assessment — general

6.9  Content of application for innovation grant

(1) An entity’s claim for eligibility for an innovation grant must contain information:

(a) sufficient to establish the entity’s eligibility for an innovation grant of an amount; and

(b) sufficient to fulfil the applicable requirements set out in subsections (3) to (5); and

(c) sufficient to establish that it is registered for the scheme for the program year concerned.

Note  An entity is not eligible for an innovation grant if, when the claim for an innovation grant is made, the entity is no longer carrying on an eligible clothing and household textile activity — see section 7.6.

(2) The amount of an innovation grant mentioned in subsection (1) is the amount that, apart from the operation of Subdivision 6.2.2 and Division 6.3, would be the amount of the innovation grant.

(3) The entity must establish that it has carried on, in the program year, the eligible clothing and household textile activity in respect of which the claim is made, in accordance with the documents and information given to the Secretary under sections 3.3, 3.4 and 3.6.

(4) The entity must provide information sufficient to enable the calculation of the amount of expenditure that is eligible clothing and household textile expenditure within the meaning of sections 2.7 to 2.10, incurred by the entity within the program year.

(5) The claim must be made in accordance with the requirements of sections 6.1 to 6.5.

6.10  Assessment of claim

(1) The Secretary may assess an entity’s claim.

(2) Without limiting the application of other provisions in the scheme, sections 6.12 and 6.13, as far as applicable, must be taken into account in working out the amount of an entity’s claim.
Section 6.11

(3) However, an object of this section is to permit self-assessment of claims and nothing in this section is to operate to require the Secretary to assess a particular claim, or any claim.

(4) The Secretary is not to be taken to have decided to assess an entity’s claim unless the Secretary has issued a notice under subsection 6.14 (2) in relation to the claim.

6.11 Provision of strategic business plans etc

An entity is not eligible for an innovation grant unless the entity has complied with the requirements of Part 3 in relation to the content and submission of strategic business plans.

6.12 Arms length expenditure

In working out the amount of eligible clothing and household textile expenditure for an innovation grant, if the expenditure has been incurred in a transaction that was not at arms length, the amount of the expenditure is to be taken to be the amount that would reasonably have been expected to have been incurred if the transaction had been at arms length.

6.13 Cap for innovation grants

The innovation grant eligibility amount for an innovation grant for an entity in respect of eligible clothing and household textile expenditure incurred by the entity during a particular program year must not exceed 50% of that eligible clothing and household textile expenditure.

6.14 Period for assessment and notice of decisions — innovation grants

(1) This section applies in relation to a claim for eligibility for an innovation grant in relation to which the Secretary has made an assessment, or is to make an assessment, under subsection 6.10 (1).

(2) If the Secretary decides under subsection 6.10 (1) to assess a claim by an entity, the Secretary must give notice, in writing, to the entity accordingly.

(3) The Secretary must give notice, in writing, to an entity making a claim for eligibility for an innovation grant within 60 days after receipt of the claim:

(a) of the Secretary’s decision as to the entity’s eligibility for an innovation grant; or

(b) if the decision cannot be made within 60 days after receipt of the claim — of the period within which the decision is to be made, giving reasons for the delay in making the decision.

(4) The Secretary must give notice, in writing, to a claimant entity of a decision to which paragraph (3) (b) applies within 7 days after the decision is made.
(5) If the Secretary decides that an entity is not eligible for an innovation grant, the notice must include reasons for the decision.

Note Section 7.3 requires the notice to be accompanied by a statement about the entity’s right to have the decision reconsidered or reviewed.

(6) If the Secretary has not given notice to the entity of the Secretary’s decision as to eligibility for an innovation grant:

(a) within the period of 60 days mentioned in subsection (3); or

(b) if the decision is one to which paragraph (3) (b) applies — within 7 days after the end of the period notified by the Secretary under that paragraph,

the entity may, at any time, give the Secretary written notice that the entity wishes to treat the claim as having been refused.

(7) For section 7.1, if the entity gives notice under subsection (6), the Secretary is taken to have refused the claim, and to have notified the entity of the decision, on the day on which the entity gives notice.

6.15 Resolution of claims — eligibility for innovation grants

(1) This section applies to a claim for eligibility for an innovation grant in respect of which the Secretary does not intend to make an assessment under subsection 6.10 (1).

(2) If the entity has, in its claim, satisfied the requirements of sections 6.9 and 7.6, the entity is to be regarded as being eligible for an innovation grant in accordance with the terms of the claim.

6.16 Effect of decision as to eligibility for innovation grants

If, under this Subdivision, a claimant entity is eligible for an innovation grant, the entity’s eligibility does not, of itself, give rise to an entitlement to the innovation grant.

Note Subdivision 6.3.2 provides for limits on amounts available for payment.

6.17 Pre-payment assessment, post-payment monitoring

An entity to which this Part applies may be selected for pre-payment assessment or post-payment compliance monitoring.

Subdivision 6.2.2 Innovation grant eligibility amounts

6.18 Innovation grant eligibility amount

(1) The innovation grant eligibility amount for an entity for a program year is to be worked out in accordance with this section.
(2) If, for amounts incurred otherwise than during an eligible start-up period for the entity within the meaning of subsection 6.23 (2):
   (a) the entity is eligible to be paid an innovation grant for the program year; and
   (b) the sum of:
      (i) the amount of the entity’s claim worked out under section 6.10; and
      (ii) any excess amount worked out under subsection 6.23 (5) from the previous program year for the entity;
      does not exceed the amount of the entity’s sales-based cap worked out under subsection 6.23 (1);
      then, subject to subsection (6), the entity’s innovation grant eligibility amount is the sum of:
      (c) the amount of the entity’s claim worked out under section 6.10; and
      (d) any excess amount worked out under subsection 6.23 (5) from the previous program year for the entity.

(3) If, for amounts incurred otherwise than during an eligible start-up period for the entity within the meaning of subsection 6.23 (2):
   (a) the entity is eligible to be paid an innovation grant for the program year; and
   (b) the sum of:
      (i) the amount of the entity’s claim worked out under section 6.10; and
      (ii) any excess amount worked out under subsection 6.23 (5) from the previous program year for the entity;
      exceeds the amount of the entity’s sales-based cap worked out under subsection 6.23 (1);
      then, subject to subsection (6), the entity’s innovation grant eligibility amount is the amount of the entity’s sales-based cap.

(4) However, in spite of subsections (2) and (3), if:
   (a) the entity is eligible to be paid an innovation grant for the program year; and
   (b) the amount of the entity’s claim worked out under section 6.10 includes eligible clothing and household textile expenditure incurred by the entity during an eligible start-up period for the entity within the meaning of subsection 6.23 (2);
   then, subject to subsection (6), the entity’s innovation grant eligibility amount must not exceed 15% of its eligible start-up investment amount within the meaning of subsection 6.23 (2).
(5) If, because of the operation of section 6.22, the entity is not eligible to be paid an innovation grant for the program year, the entity’s innovation grant eligibility amount for the program year is, subject to subsection (6), the amount of the entity’s claim worked out under section 6.10.

(6) The innovation grant eligibility amount for an entity for a program year is:

(a) if the modulation factor determined under section 6.19 for the program year is less than one, the amount worked out under subsection (2), (3), (4) or (5), as the case requires, multiplied by the modulation factor; and

(b) if the modulation factor for that year is not less than one, the amount worked out under subsection (2), (3), (4) or (5), as the case requires.

Note The total of the innovation grant eligibility amounts determined under subsections 6.18 (2) to (5) before the application of subsection 6.18 (6) for all entities is the total for T6.18 in section 6.19.

6.19 Modulation of innovation grants

The modulation factor for a program year determined in the relevant financial year is the lesser of 1 and the factor worked out in accordance with the formula:

\[ MF = \frac{PA + TUPA - TURA}{T6.18} \]

where:

- \( MF \) is the modulation factor;
- \( PA \), (or prescribed amount) for a program year, payable in the relevant financial year, is for each of the 2010/2011 to 2014/2015 program years — $22 500 000.
- \( T6.18 \) is the total of the innovation grant eligibility amounts determined under subsections 6.18 (2) to (5) before the application of subsection 6.18 (6) for all entities for the program year.
- \( TUPA \) is the prescribed amount from a previous program year less the total of:
  (a) any amounts paid under section 5.18 for that year and for which no claim under Part 6 was made for that program year; and
  (b) any deferred innovation grant eligibility amounts set aside under subsection 6.20 (2) for that program year; and
  (c) any amounts paid under section 6.27 for that program year (excluding any amount previously set aside for an earlier program year under subsection 6.20 (2)).

Note See subsections 8.2 (1) and (2) for transitional applications.
**TURA** is the total of any advance amounts paid under section 5.18 for the program year and for which no claim under Part 6 has been made for the program year.

6.20 **Deferred innovation grant eligibility amount**

(1) If an entity would otherwise be eligible for an innovation grant for a program year, but the sum of the amounts mentioned in subsection 6.22 (2) fails to meet the threshold amount under subsection 6.22 (1), the entity’s innovation grant eligibility amount for that program year must be deferred until the threshold amount is reached (a *deferred innovation grant eligibility amount*).

*Note* A deferred amount that has not been paid before 10 June 2016 is no longer payable under the scheme – see subsection 6.28 (10).

(2) Any deferred innovation grant eligibility amount for an entity arising from a claim for eligibility for an innovation grant for a program year is to be set aside to satisfy that claim if it is paid in the future.

*Note* See subsections 8.2 (1), (2) and (8) for transitional applications.
(b) the total amount of eligible clothing and household textile expenditure for innovation grants:
   (i) incurred by the entity in previous program years; and
   (ii) in respect of which a claim was made.

Note To take advantage of paragraph 6.22 (2) (b), an entity must make a claim for eligibility for an innovation grant in respect of eligible clothing and household textile expenditure incurred in a program year, even if the eligible clothing and household textile expenditure, together with previously accumulated eligible clothing and household textile expenditure (if any), does not exceed the threshold of $200,000.

(3) If an entity incurred eligible expenditure within the meaning of the TCF (SIP) Scheme in the 2004/05 program year of that scheme, the entity may include, as part of the threshold amount for the 2011/2012 program year of this scheme, the total of Type 1 and Type 2 eligible expenditure incurred under that scheme in the 2004/05 program year for the TCF (SIP) Scheme.

(4) However:
   (a) if the entity was not registered under the TCF (SIP) Scheme for the 2004/05 program year of that scheme, the expenditure referred to in subsection (3) is to be assessed as it would have been if a claim in relation to that expenditure had been made under that scheme; and
   (b) if the entity was registered under the TCF (SIP) Scheme for the 2004/05 program year for that scheme, the expenditure referred to in subsection (3) may be included only if the entity also made a claim under the TCF (SIP) Scheme in relation to that expenditure.

Note Expenditure incurred in the 2004/05 program year of the TCF (SIP) Scheme may be included in the threshold amount for this section, but may not be the subject of a claim under the scheme.

(5) If, for an entity, the sum of the amounts mentioned in subsection (2) exceeds the threshold amount, the entity is eligible to be paid an innovation grant in respect of eligible clothing and household textile expenditure in a program year if, apart from this section, the entity would be eligible to be paid the innovation grant in that year.

Note See subsections 8.2 (1), (2) and (5) for transitional applications. It is intended that eligible expenditure incurred under the former scheme may be recognised for the purposes of applying the threshold expenditure for advances of grants and grants under this scheme. Hence, it is intended that expenditure incurred under the former scheme will be able to be taken into account when meeting the threshold expenditure under this scheme.

6.23 Sales-based cap for innovation grants

(1) The total of the innovation grants that become payable to an entity during a particular income year of the entity (the claim year), in respect of eligible clothing and household textile expenditure incurred by the entity otherwise than during an eligible start-up period of the entity, must not exceed 5% of the total eligible revenue for the entity for the income year of the entity preceding the claim year.
(2) The total of the innovation grants that become payable to an entity during a particular income year of the entity (the claim year) and any income years of the entity that are earlier than the claim year, in respect of eligible clothing and household textile expenditure incurred by the entity during an eligible start-up period of the entity, must not exceed 15% of the total of the eligible start-up investment amounts of the entity for each of the income years of the entity that are earlier than the claim year.

(3) If, in an income year of an entity (the claim year), the total of the innovation grants that become payable to the entity in respect of eligible clothing and household textile expenditure incurred by the entity would, but for the operation of subsection (1), exceed 5% of the total eligible revenue for the entity for the income year of the entity preceding the claim year, the entity is eligible to include the amount of that excess (the excess amount), modified, if required under subsection (5), in the innovation grant eligibility amount for the following program year.

Note  See subsection 8.1 (7) which provides for transitional arrangements in relation to an excess amount accrued under the former scheme.

(4) An excess amount under subsection (3) must be included in the innovation grant eligibility amount for the next program year for which the entity makes a claim, even if the only claim made is for that excess amount.

Example  If, for the 2011/12 program year, an entity has a total innovation grant eligibility amount of $100 000, and 5% of the entity’s total eligible revenue is $90 000, the innovation grant paid is $90 000, the excess amount of $10 000 is to be added to any innovation grant eligibility amount for the 2012/13 program year.

(5) The amount to be included in the innovation grant eligibility amount under subsection 6.18 (2) or (3) for a following program year is:

(a) if the modulation factor, worked out in accordance with section 6.19 for the program year for which the claim is made, is less than one, the excess amount multiplied by the modulation factor; or

(b) if the modulation factor, worked out in accordance with section 6.19 for the program year for which the claim is made, is not less than one, the excess amount.

(6) However, subsection (1) applies to any excess amount claimed under subsection (3) in the year in which it is claimed.

(7) In subsection (2):

eligible start-up investment amount, for an entity and for an income year of the entity, means the total expenditure incurred by the entity during the income year on the acquisition of any land, building, structure, plant, materials or other asset for the carrying on of an eligible clothing and household textile activity for the first time.
eligible start-up period, for an entity, means the period:

(a) starting on the day when the entity first enters into a financial commitment to carry on an eligible clothing and household textile activity, not having previously carried on an eligible clothing and household textile activity; and

(b) ending 12 months after the day when the entity first begins production (other than sample production) of an eligible clothing and household textile product.

Note: See subsection 8.2 (6) which provides for transitional applications in relation to these definitions for entities that began a start-up arrangement under the former scheme.

(8) For the definition of eligible start-up investment amount in subsection (7), expenditure on any building, structure, plant, materials or other asset:

(a) must be expenditure on a building, structure, plant, materials or other asset of which the entity is the financial owner for use exclusively in Australia; and

(b) must comply with, and be incurred in accordance with, items 1 to 3 in the table in subsection 2.9 (3), and with items 1, 2 and 3 of the following table, (if applicable) as they apply to expenditure on any building, structure, plant, materials or any other asset mentioned in section 2.9 or this section.

<table>
<thead>
<tr>
<th>Item</th>
<th>Activity</th>
<th>Conditions</th>
</tr>
</thead>
</table>
| 1    | Acquisition of a new building or structure, or the making of alterations to an existing building or structure | The expenditure:
  
  (a) subject to paragraph (b), is taken to be the value of the building or structure capitalised in the entity’s accounts; and
  
  (b) is limited to expenditure necessary for the efficient housing and operation of new BIC plant; and
  
  (c) is taken to have been incurred only when:
    
    (i) payment has been made; and
    
    (ii) if a certificate of occupancy is required — the certificate has been issued. |

| 2    | Acquisition of a new building or structure purchased under a hire purchase agreement or financed through a finance lease | The expenditure:
  
  (a) subject to paragraph (b), is taken to be the value of the building or structure shown in the hire purchase agreement or finance lease and capitalised in the entity’s accounts; and
  
  (b) is limited to expenditure necessary for the efficient housing and operation of new BIC plant; and |
Section 6.24

<table>
<thead>
<tr>
<th>Item</th>
<th>Activity</th>
<th>Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>(c)</td>
<td>is taken to have been incurred only when:</td>
<td></td>
</tr>
<tr>
<td>(i)</td>
<td>the first instalment under the agreement or lease has been paid; and</td>
<td></td>
</tr>
<tr>
<td>(ii)</td>
<td>if a certificate of occupancy is required — the certificate has been issued.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Acquisition or development of new computer hardware or software or development of new computer software</td>
<td>The expenditure is limited to:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(a) expenditure necessary to support the particular eligible clothing or household textile activity to which section 2.9 applies.</td>
</tr>
</tbody>
</table>

(9) For the definition of **eligible start-up period** in subsection (7), an entity that has not previously carried on an eligible clothing and household textile activity, but that purchases or takes over a business with existing clothing and household textile activity is not, immediately after that purchase or takeover, in an eligible start-up period for the purposes of subsection (2).

*Note* See subsection 8.2 (6) which provides for transitional applications in relation to this definition for entities that began a start-up arrangement under the former scheme.

### 6.24 Request for determination and payment of innovation grant

(1) If an entity is eligible to be paid an innovation grant, the entity must, at the time of making a claim for eligibility for an innovation grant, request a determination and payment of the claim, including any deferred innovation grant eligibility amount set aside under subsection 6.20 (2).

(2) A request under subsection (1) must be:

- (a) in writing in a form approved by the Secretary; and
- (b) signed in a manner indicated by the form.

*Note* Requests in writing and other documents under the scheme may be sent electronically — see section 7.11.

(3) The request must be accompanied by a statement of the total eligible revenue for the entity for the income year of the entity preceding the income year during which the entity expects that the innovation grant will become payable.

(4) However, if the claim relates to eligible clothing and household textile expenditure by the entity during an eligible start-up period of the entity, the request must be accompanied by a statement of the total of the eligible start-up investment amounts of the entity for each of the income years of the entity preceding the income year during which the entity expects that the innovation grant will become payable.
6.25 **Deadline for lodging auditors reports**

(1) An entity is not entitled to be paid an innovation grant unless the entity has given to the Secretary:

(a) an auditor’s report verifying the total eligible revenue required under subsection 6.24 (3); and

(b) if the claim relates to eligible clothing and household textile expenditure by the entity during an eligible start-up period, an auditor’s report verifying the total of the eligible start-up investment amount.

(2) The auditor’s reports must be given to the Secretary before 1 March of the relevant financial year.

(3) The period for providing the auditor’s reports may not be extended.

(4) However, if an extension of time to lodge a claim is granted to the entity under section 6.6, the auditor’s reports may be provided within the extended period.

6.26 **Reduction on account of advance**

(1) Subsection (2) applies to an entity that has, in accordance with Part 5, already received an amount by way of an advance on account of the innovation grant.

(2) In working out the amount of the innovation grant that the entity is entitled to be paid, the amount that, but for this section, would be payable to the entity must be reduced by the amount of the advance of the innovation grant that has been paid to the entity on account of the innovation grant.

*Note* If an entity receives an amount by way of an advance on account of an innovation grant that may become payable to the entity and that amount is greater than the amount of the innovation grant, the entity is liable to pay to the Commonwealth the amount of the excess. The Commonwealth may recover the excess as a scheme debt. The scheme debt may be recovered by court action or by deduction from an innovation grant payable to the entity — see sections 20 and 44 to 47 of the Act.

6.27 **Determination of entitlement**

(1) If:

(a) an entity requests the determination of a claim for eligibility for an innovation grant for a program year; and

(b) the entity is eligible for a grant of the entity’s innovation grant eligibility amount, worked out under section 6.18, for the program year together with any deferred innovation grant eligibility amount set aside for the entity under subsection 6.20 (2);

the entity is entitled to a determination and is eligible to be paid that innovation grant eligibility amount together with the deferred innovation grant eligibility amount, if any.
6.28 Determination and payment of innovation grants

(1) The Secretary must give notice, in writing, of a determination made under section 6.27 to the entity requesting the determination.

(2) The notice must be given as soon as practicable after the determination is made.

(3) If the Secretary determines that the claimant entity is not entitled to be paid an innovation grant, the notice must include reasons for the decision.

(4) If the Secretary determines that an entity is entitled to be paid an innovation grant of an amount, the Secretary must pay the amount to the entity.

(5) However, if a claimant entity has breached a condition in relation to an advance of an innovation grant, the Secretary may reduce the amount of the innovation grant payable to the entity by the amount (if any) to which, because of the breach, the entity would not otherwise have been entitled as part of the advance.

(6) A determination under subsection (4) is revocable under section 6.29 and may be remade under that section.

(7) The innovation grant must be paid as soon as practicable:

(a) within the period commencing on 1 June and ending at the end of 10 June in the relevant financial year in which the Secretary has made the determination; or

(b) at an earlier time in the relevant financial year in which the Secretary has made the determination if, and only if, the innovation grant eligibility amount for all entities has been worked out under subsection 6.18 (6).

Note 6.29 provides for the circumstances in which a determination may be revoked and, if appropriate, remade and Subdivision 6.3.2 provides for limits on amounts available for payment.

(2) Before any deferred innovation grant eligibility amount set aside under subsection 6.20 (2) is paid under subsection (1), section 6.23 must be taken into account.

Note An entity is not entitled to be paid an innovation grant if, when the request is made, the entity is no longer carrying on an eligible clothing and household textile activity — see section 7.6.
(8) If a determination that an applicant entity is to be paid an innovation grant is not made in response to a claim for eligibility for an innovation grant, because the entity has not satisfied a provision of the scheme, the Secretary must, as soon as practicable, give notice in writing to the entity setting out the reason for not making the determination.

Note Section 7.3 requires the notice to be accompanied by a statement about the entity’s right to have the decision reconsidered or reviewed.

(9) If a claimant is not eligible, in accordance with Division 6.2, for an innovation grant of an amount for a program year, the Secretary must not:
(a) determine that the claimant is entitled to be paid the amount for the program year; or
(b) pay an innovation grant to the claimant of the amount for the program year.

(10) An amount deferred and set aside under subsection 6.20(2) that has not been paid before 10 June 2016 is not payable under the scheme.

Note If an entity has incurred a scheme debt in a previous program year, and the debt has not been discharged, the entity’s innovation grant payment for the program year may be reduced by the amount of the scheme debt (see section 46 of the Act (Recovery by set-off)).

6.29 Revocation and remaking determinations etc.

(1) If:
(a) a determination is made in relation to an entity; and
(b) the amount determined, or paid to the entity under the determination, is not the amount (if any) to which the entity is entitled under the scheme;
then, in any of the circumstances mentioned in subsection (2), the Secretary may revoke the determination and, if appropriate, make a revised determination in its place.

(2) For subsection (1), the circumstances are as follows:
(a) the determination or payment contains or relies on a clerical error;
(b) the determination or payment was based wholly or in part on incorrect information;
(c) the determination or payment was based wholly or in part on a misinterpretation of a provision of the Act or scheme by a self-assessing entity;
(d) the determination or payment is contrary to a provision of the Act or scheme.

(3) If the Secretary revokes a determination in relation to which an innovation grant has been paid:
(a) in a case in which a revised determination is not made under subsection (1)—the amount of the innovation grant (the original innovation grant); and
Section 6.30

(b) in a case in which a revised determination is made under subsection (1) and the amount of the innovation grant under the revised determination (the revised innovation grant) is less than the original innovation grant—the difference between the original innovation grant and the revised innovation grant;

must be repaid by the entity and may be recovered as a scheme debt.

Note 1 Sections 45, 46 and 47 of the Act deal with recovery of a scheme debt by legal proceedings (section 45), by set-off against an innovation grant or advance payable to the entity concerned (section 46) and for recovery from a person other than the entity in certain cases (section 47).

Note 2 See sections 7.1 to 7.4 in relation to reconsideration and review of decisions.

Subdivision 6.3.2 Limits on payments

6.30 Annual limit on payments

(1) Nothing in this Part authorises the expenditure for innovation grants (including advances on account of innovation grants) paid under the scheme of an amount that exceeds, for eligible clothing and household textile expenditure incurred in each of the 2011/2012 to 2014/2015 program years—$22 500 000 together with any unspent amount from the 2010/2011 to 2013/2014 program years or deferred innovation grant eligibility amount from any previous program year.

(2) For subsection (1), a reference to an unspent amount includes a reference to an amount that has never been spent or that has been spent and recovered by or repaid to the Commonwealth.

Note See subsections 8.2 (1) and (2) for transitional applications. Whilst there will be no unspent amount from the 2010/2011 program year, there could be deferred grant eligibility amounts from the former scheme that might become payable along with an advance or an innovation grant in relation to the 2010/2011 program year. See also subsection 8.2 (8) in relation to payment of certain grant eligibility amounts.

6.31 Expenditure limit on scheme

For section 37ZN of the Act, the total of innovation grants (including advances on account of innovation grants) paid under the scheme must not exceed $112 500 000.
7.1 Request for reconsideration of decision by Secretary

(1) If an entity affected by a decision of the Secretary under the scheme is dissatisfied with the decision, the entity may request the Secretary to reconsider the decision.

(2) However, subsection (1) does not apply to a decision of the Secretary arising from the application, in relation to:
   (a) the entitlement to be paid an innovation grant, or to the amount of an innovation grant, of section 6.13, 6.19, 6.22 or 6.23; or
   (b) the eligibility for an advance of an innovation grant, or to the amount of an advance, of section 5.8 or 5.15.

(3) A request must:
   (a) be in writing; and
   (b) set out the reasons for the request; and
   (c) be given to the Secretary within 21 days after the entity is notified of the decision or within such further period as the Secretary allows.

Note: If a request is made under this section, section 41 of the Administrative Appeals Tribunal Act 1975 (which deals with the operation and implementation of a decision that is subject to review) applies as if the making of the request were the making of an application to the Administrative Appeals Tribunal for a review of that decision — see subsection 22(4) of the Act.

7.2 Reconsideration by Secretary

(1) On receiving a request under section 7.1, the Secretary must reconsider the decision.

(2) The Secretary may:
   (a) confirm or revoke the decision; or
   (b) vary the decision in such manner as the Secretary thinks fit.

(3) If the Secretary does not confirm, revoke or vary the decision before the end of the period of 30 days after the day on which the Secretary receives the request, the Secretary is taken, at the end of that period, to have confirmed the decision.

(4) If the Secretary confirms, revokes or varies the decision before the end of the period mentioned in subsection (3), the Secretary, by notice in writing given to the applicant, must inform the applicant of the result of the reconsideration of the decision and the reasons for confirming, revoking or varying the decision.
Section 7.3

(5) The confirmation, revocation or variation under subsection (2) of a decision is not invalid merely because it is done after the end of the period referred to in subsection (3) unless, before it is done, the applicant makes an application to the Administrative Appeals Tribunal under subsection (6) for review of the decision.

(6) An application may be made to the Administrative Appeals Tribunal for a review of a decision that is, or is taken to be, confirmed or varied under this section.

(7) If, under subsection (3), a decision is taken to be confirmed, section 29 of the Administrative Appeals Tribunal Act 1975 applies as if the prescribed time for making an application for review of the decision were the period commencing on the day on which the decision is taken to have been confirmed and ending at the expiration of the 28th day after that day.

7.3 Statement to accompany notification of decisions

(1) This section applies if:

(a) written notice is given to an entity affected by a decision of the Secretary under the scheme; and

(b) the notice is to the effect that the decision has been made.

(2) The notice must include a statement to the effect that:

(a) if the entity is dissatisfied with the decision, the entity may request a reconsideration of the decision by the Secretary; and

(b) if the entity is dissatisfied with a decision made by the Secretary on that reconsideration confirming or varying the first-mentioned decision, the entity, subject to the Administrative Appeals Tribunal Act 1975, may apply to the Administrative Appeals Tribunal for a review of the decision.

7.4 Statement to accompany notice of decision on reconsideration

(1) This section applies if:

(a) the Secretary confirms or varies a decision as mentioned in subsection 7.2 (2), or is taken to have confirmed a decision as mentioned in subsection 7.2 (3); and

(b) gives to the entity written notice of the confirmation or variation of the decision.

(2) The notice must include a statement to the effect that if the entity is dissatisfied with the decision so confirmed or varied, the entity, subject to the Administrative Appeals Tribunal Act 1975, may apply to the Administrative Appeals Tribunal for a review of the decision.
7.5 Statutory conditions

(1) Each innovation grant and advance of an innovation grant under the scheme is subject to the conditions set out in section 37ZX of the Act.

(2) The payment of an innovation grant, or advance of an innovation grant, to an entity is subject also to the condition that the entity complies, or has complied, with all relevant provisions of the Act and the scheme.

Note: If a condition to which an innovation grant (or advance of an innovation grant) is subject is not fulfilled, the whole or part of the innovation grant (or advance) may be recovered from the entity as a scheme debt under Part 5 of the Act.

7.6 Condition — eligible clothing and household textile activity

For an entity to be eligible to request an advance, be paid an advance, make a claim for an innovation grant or be paid an innovation grant, it is a condition that, at the time of doing so, it is undertaking an eligible clothing and household textile activity.

7.7 Condition — document retention

(1) The payment of an innovation grant, or advance of an innovation grant, to an entity is subject to the condition that the entity retain each of the documents mentioned in subsection (2) for not less than 5 years from the date on which the innovation grant, or advance of an innovation grant, is paid to the entity.

(2) For subsection (1), the documents are:

(a) each document that the entity is, under the scheme, required to prepare or obtain in relation to the innovation grant, or advance of an innovation grant, including (but not limited to) each such document prepared or obtained in relation to:
   (i) the registration of the entity under the scheme; and
   (ii) a claim for eligibility for an innovation grant or a request for an advance of an innovation grant; and
   (iii) a request for a determination and payment of a claim; and
(b) any record relied upon to prepare such a document.

Note: If this condition is not fulfilled, the whole or part of the innovation grant (or advance of an innovation grant) may be recovered from the entity as a scheme debt under Part 5 of the Act.

7.8 Innovation grants not transferable

An innovation grant, or an entitlement to an innovation grant, is absolutely inalienable (whether by way of, or in consequence of, sale, assignment, charge, execution, bankruptcy, insolvency or otherwise) except with the approval, in writing, of the Secretary.
Section 7.9

7.9 Giving of notices etc by Secretary

For the scheme, unless the contrary intention appears, a notice or other document required or permitted to be given by the Secretary to an entity is taken to be given:

(a) in the case of service otherwise than by post on an individual — on the day on which the notice or other document is:
   (i) delivered to the individual in person; or
   (ii) delivered to the individual’s address for service or last address known to the Secretary; or

(b) in the case of service otherwise than by post on a body corporate — on the day on which the notice or other document is delivered to the registered office, or the address for service, of the body corporate; or

(c) in the case of service by post on an entity — on the day on which the notice or other document would ordinarily be delivered in the due course of post or, if the entity establishes that it was delivered on a later day, on that later day.

7.10 Post-payment compliance monitoring

If an entity receives an innovation grant, the entity may be subject to post-innovation grant payment compliance monitoring.

Note Subsection 37ZX (4) of the Act provides that it is a condition of an innovation grant that entry to certain premises be permitted to authorised officers and employees to monitor compliance with other conditions. Section 37ZY of the Act provides for the appointment of authorised officers and employees and section 37ZZD of the Act provides for identity cards to be carried and produced by authorised officers.

7.11 Electronic lodgement

(1) A document required to be given or sent to the Secretary may be sent electronically.

(2) For subsection (1), a document is to be regarded as being sent electronically if it is transmitted to the Secretary at an address, and in an electronic format, approved by the Secretary.

7.12 Other Commonwealth assistance

(1) An entity has received other Commonwealth assistance if the entity has received and is entitled to financial assistance in relation to eligible clothing and household textile expenditure in relation to an activity to which subsection 2.1(1) applies.

(2) If an entity receives other Commonwealth assistance within the meaning of subsection (1), the entity is not entitled to an innovation grant in respect of the expenditure for which the entity received the other Commonwealth assistance.
8.2 Transitional

Application of definitions of program year and program period

(1) For an entity under the former scheme to which this Part applies, the definitions of program year and program period under the former scheme continue to apply under this scheme in relation to the following provisions:

- Section 3.5;
- Paragraph 4.5 (3) (b);
- Paragraph 4.5 (3) (d);
- Section 5.8;

Note It is intended that eligible expenditure incurred under the former scheme may be recognised for the purposes of applying the threshold expenditure for advances of grants and grants under this scheme.

- Section 6.19 (definition of TUPA);
- Section 6.20;
- Section 6.22;

Note It is intended that eligible expenditure incurred under the former scheme may be recognised for the purposes of applying the threshold expenditure for advances of grants and grants under this scheme. Hence, it is intended that expenditure incurred under the former scheme will be able to be taken into account when meeting the threshold expenditure under this scheme.

- Section 6.30 (where a reference to the 2011/2012 program year is to be read as a reference to the 2010/2011 program year for an entity to which this Part applies).
Section 8.2

Note Whilst there will be no unspent amount from the 2010/2011 program year, there could be deferred grant eligibility amounts from the former scheme that might become payable along with an advance or an innovation grant in relation to the 2010/2011 program year.

(2) To avoid doubt:
   (a) a reference to a previous program year in any of the provisions referred to in subsection (1) for an entity to which this Part applies may include a reference to a program year under the former scheme; and
   (b) a reference to a program year or program period may include a reference to such a year or period under either the former scheme, this scheme or both schemes, if that is permitted by this scheme.

Program year for ITAA 1936

(3) For subsection 1.7(3), if, as a result of the operation of section 18 of the ITAA 1936, the program period for an entity to which this Part applies (including a program period under the former scheme) claiming eligible expenditure under the former scheme and also claiming eligible clothing and household textile expenditure under this scheme would, apart from this subsection, exceed 10 years after the last program year of the program period is taken to end for the entity, the program period is taken to end at the end of the period of 10 years commencing on the first day of the program period for the entity.

Effect of transfer of registration

(4) For subsection 4.5(3), on approval of a transfer of registration under this scheme, the effects set-out in subsections 4.5(2) and (3) of the former scheme that apply in relation to eligible TCF activity and eligible expenditure under the former scheme apply under this scheme.

Threshold expenditure for advances of innovation grants

(5) For sections 5.8 and 6.22, expenditure incurred under the former scheme may be taken into account when meeting the threshold expenditure under this scheme.

Eligible start-up investment amount and eligible start-up period

(6) For the purposes of the definitions of eligible start-up investment amount and eligible start-up period in subsections 6.23(7) and 6.23(9), and also for subsection 6.23 (2), the eligible TCF activity and eligible TCF product within the meaning of the former scheme apply under this scheme for those entities that began a start-up arrangement under the former scheme and continue under this scheme.
Section 8.2

**Excess amount**

(7) For section 6.23, in relation to an entity to which this Part applies, an *excess amount* under the former scheme is to be regarded as an excess amount for this scheme.

**Payment of deferred grant eligibility amount etc under former scheme**

(8) If a deferred grant eligibility amount under the former scheme:

(a) has accrued under the former scheme but has not been paid under that scheme; and

(b) becomes payable because of the operation of this scheme; the amount is payable under section 37ZH of the Act.
Schedule 1   Eligible clothing activities etc

(part 1.6)

Note The activities listed in this Schedule are based on Division C, Subdivision 22 of ANZSIC.

Part A   Textile Fibre, Yarn and Fabric Manufacturing

1 Man-Made Fibre Textile Manufacturing (including blends)

This category consists of manufacturing continuous fibre filament, fibre staple or yarns, tyre cord yarn or fabrics woven, non-woven, felted, tufted, crocheted or knitted from those yarns, or mixed yarns, wholly or predominantly of man-made fibres. Manufacturing of elastic or elastomeric yarns or threads or fabrics are also included.

- Fibres, manufacturing
- Filament, manufacturing
- Yarns, manufacturing
- Yarns, elastic or elastomeric, manufacturing
- Tyre cord yarns or fabrics, manufacturing
- Fabrics or other textiles, manufacturing
- Fabrics, elastic or elastomeric, manufacturing
- Lacing, woven, manufacturing

2 Cotton Textile Manufacturing (including blends)

This category consists of manufacturing of yarns, fabrics woven, non-woven, felted, tufted, crocheted or knitted, wholly or predominantly of cotton or similar fibres including flax, jute, hemp or kapok.

- Yarns, manufacturing
- Tyre cord yarns or fabrics, manufacturing
- Fabrics or other textiles, manufacturing

3 Wool Textile Manufacturing (including blends)

This category consists of the manufacturing of yarns, fabrics woven, non-woven, felted, tufted, crocheted or knitted, wholly or predominantly of wool or other animal fibre including mohair, angora, cashmere, alpaca or silk.

- Fellmongered, slip or skin wool, manufacturing
- Yarns, woollen or other animal fibre, manufacturing
- Fabrics or other textiles, from woollen or worsted manufacturing processes, derived from animal fibres
4 Textile Finishing

This category consists of any activities involved in the processes of dyeing, printing, and finishing, including any process of impregnation, coating or lamination for imparting particular end use properties to yarns, fabrics or other textiles except wool tops.

- Textile dyeing, including textile pigmentation
- Textile printing, including flock printing
- Label, printed cloth, manufacturing
- Impregnation, coating or lamination

5 Textile Product Manufacturing n.e.c.

This category consists of textile product manufacturing n.e.c.

- Cleaning cloth, manufacturing
- Embroidered fabrics, manufacturing
- Fabrics, manufacturing n.e.c.
- Flock, manufacturing
- Hemp product, manufacturing n.e.c.
- Hessian goods, manufacturing n.e.c.
- Kapok, manufacturing
- Labels or badges, woven cloth, manufacturing
Part B  Knitting Mills Manufacturing

1  Hosiery Manufacturing

This category consists of manufacturing of hosiery.
- Panty hose, manufacturing
- Socks, manufacturing
- Stockings, manufacturing
- Tights, manufacturing

2  Cardigan and Pullover Manufacturing

This category consists of the manufacturing of knitted cardigans, pullovers or similar garments.
- Custom knitting, of pullovers or cardigans
- Jackets, knitted, manufacturing
- Sweaters, knitted, manufacturing
- Twin sets, knitted, manufacturing
- Waistcoats, knitted, manufacturing

3  Knitting Mill Clothing Manufacturing n.e.c.

This category consists of the manufacturing of knitted or crocheted clothing n.e.c.
- Outerwear, knitted, manufacturing (except hosiery, cardigans or pullovers)
- Sleepwear, knitted, manufacturing
- Swimwear, knitted, manufacturing
- Underwear, knitted, manufacturing (except hosiery)
Part C  Clothing Manufacturing

1  Men's and Boys' Wear Manufacturing

This category consists of the manufacturing of men’s or boys’ outerwear from purchased or transferred in materials.

- Coats or jackets, men’s or boys’, manufacturing (except from fur or leather)
- Dust coats, manufacturing
- Jeans, men’s or boys’, manufacturing
- Overalls, manufacturing
- Shirts, men’s or boys’, manufacturing
- Shorts, men’s or boys’, manufacturing
- Suits, men’s or boys’, manufacturing (except from leather)
- Trousers, men’s or boys’, manufacturing
- Uniforms, men’s or boys’, manufacturing

The manufacturing of men’s or boys’ headwear, footwear, or garments made from leather or fur, is excluded from this category.

2  Women's and Girls' Wear Manufacturing

This category consists of the manufacturing of women’s or girls’ outerwear from purchased or transferred in materials.

- Blouses or shirts, manufacturing
- Coats or jackets, manufacturing (except from fur, leather, plastic or rubber)
- Jeans, women’s or girls’, manufacturing
- Outerwear, women’s or girls’, manufacturing (except from fur, leather, plastic or rubber)
- Suits, women’s or girls’, manufacturing (except from leather or plastic)
- Tunics, women’s or girls’, manufacturing
- Uniforms, women’s or girls’, manufacturing

The manufacturing of women’s or girls’ waterproof clothing or clothing made from fur, leather, plastic or rubber, is excluded from this category.

3  Sleepwear, Underwear and Infant Clothing Manufacturing

This category consists of the manufacturing of foundation garments, underwear, sleepwear or infants’ clothing from purchased or transferred in materials.

- Brassieres, manufacturing
• Corsets, manufacturing
• Foundation garments, manufacturing
• Girdles, manufacturing
• Infants’ clothing, manufacturing
• Sleepwear, manufacturing
• Underwear, manufacturing

4 Clothing Manufacturing n.e.c.

This category consists of manufacturing of headwear, fur or leather clothing, clothing or clothing accessories n.e.c.

• Belts, manufacturing (for clothing)
• Clothing accessories, manufacturing n.e.c.
• Clothing, fur, manufacturing n.e.c.
• Clothing, leather or leather substitute, manufacturing n.e.c.
• Clothing manufacturing n.e.c., including clothing for protective or safety purposes
• Gloves, manufacturing (except plastic or rubber gloves)
• Handkerchiefs, manufacturing
• Hats* or headwear,* manufacturing
• Laces, manufacturing (for footwear)
• Leather or leather substitute suit, coat or uniforms, manufacturing n.e.c.
• Recreational clothing, manufacturing n.e.c.#
• Swimwear, manufacturing (except rubber bathing caps)
• Ties, manufacturing
• Waterproof clothing, manufacturing (except headwear, footwear or leather clothing) n.e.c.
Part D    Early-stage Processing

1    Natural Fibre Processing

This category consists of natural fibre processing.

(a) **Wool or other animal fibres** — all processing activities up to and including top making, including:
   - Scouring
   - Tops, unspun, manufacturing
   - Carding or combing

(b) **Cotton** — all processing activities up to and including sliver production, including the following:
   - Ginning, cleaning, baling and classing of cotton
   - Doubling and drawing of cotton
   - Carding, slivering and combing of cotton

(c) **Others, including flax, hemp, jute or silk** — all processing activities up to and including:
   - Tow, manufacturing

2    Man-made Fibres

This category consists of man-made fibre processing.

**Early-stage processing activities relating to man-made fibres** — all processing activities up to and including man-made tows and tops, including:
- Synthetic fibre tops, unspun, manufacturing
- Tow, manufacturing

3    Leather

This category consists of early-stage leather processing.

**Early-stage leather processing** — all processing activities up to and including wet blueing or equivalent stage, including:
- Fleshing, de-hairing, fellmongering, skin pickling, wet blueing and wet whiting of hides and skins

4    Definitions

In this Schedule:
- **n.e.c.** means not elsewhere classified.
- **man-made fibres** include cellulosics and synthetics.
5 Symbols

# If made predominantly from the products of activities listed in items 1, 2, 3 and 5 of Part A, or in item 3 of Part B.

* If made predominantly from leather or the products of activities listed in items 1, 2, 3 and 5 of Part A or in item 3 of Part B.
Schedule 2  Eligible household textile products

(section 1.6)

This category consists of a product to which any of the following subheadings of Chapter 63 of Schedule 3 to the *Customs Tariff Act 1995* apply:

- 6302.10.00 – Bed linen, knitted or crocheted;
- 6302.21.00 – Other bed linen, printed: of cotton;
- 6302.22.00 – Other bed linen, printed: of man-made fibres;
- 6302.29.00 – Other bed linen, printed: of other textile materials;
- 6302.31.00 – Other bed linen: of cotton;
- 6302.32.00 – Other bed linen: of man-made fibres;
- 6302.39.00 – Other bed linen: of other textile materials;
- 6302.60.00 – Toilet linen and kitchen linen, of terry towelling or similar terry fabrics, of cotton;
- 6302.91.20 – Other goods, NSA, as follows: (a) face washers; (b) towels;
- 6303.12.10 – Synthetic fibre curtains, knitted or crocheted;
- 6303.19.10 – Other textile material curtains, knitted or crocheted;
- 6303.91.10 – Cotton goods as follows: (a) bed valances (ruffles); (b) curtains;
- 6303.92.10 – Synthetic fibre goods as follows: (a) bed valances (ruffles); (b) curtains;
- 6303.99.10 – Other textile material goods as follows: (a) bed valances (ruffles); (b) curtains.

**Note**

Notes to the Clothing and Household Textile (Building Innovative Capability) scheme 2010

Notes to the Clothing and Household Textile (Building Innovative Capability) scheme 2010, in force under section 37ZM of the Textile, Clothing and Footwear Investment and Innovation Programs Act 1999, as shown in this compilation, is amended as indicated in the Tables below.

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<td>24 May 2010</td>
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<td>F2012L01894</td>
<td>19 September 2012</td>
<td>1 July 2012</td>
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## Table of Amendments

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