

Research and Development Cash Rebate Scheme

Application Guide

The Scheme

1. The Research and Development Cash Rebate Scheme (the Scheme) aims to encourage more research and development (R&D)¹ investment in the private sector and encourage local enterprises to establish stronger partnership with designated local public research institutions. The Scheme is administered by the Innovation and Technology Commission (ITC).

Eligibility

2. To encourage local enterprises (*Note*) to invest more in research and development, the Scheme provides a cash rebate equivalent to 40% of a local enterprise's expenditure in two types of applied R&D projects -

- i. **Innovation and Technology Fund (ITF) projects**

R&D projects funded by the ITF; and

- ii. **Partnership projects**

R&D projects funded entirely by local enterprises and conducted in partnership with designated local public research institutions.

- *Note: An applicant is eligible to apply for cash rebate if it is :*

- i. *a company incorporated in Hong Kong under the Companies Ordinance (Cap. 622) or an enterprise registered in Hong Kong under the Business Registration Ordinance (Cap. 310); and*

¹ For the purpose of the Scheme, an R&D activity is –

- (a) an activity in the fields of natural or applied science to extend knowledge;
- (b) an original and planned investigation carried on with the prospect of gaining new scientific or technical knowledge and understanding; or
- (c) the application of research findings or other knowledge to a plan or design for producing or introducing new or substantially improved materials, devices, products, processes, systems or services before they are commercially produced or used.

ii. not a government subvented organisation; and*

*iii. not a subsidiary of any government subvented organisation**

*(*A government subvented organisation means an organisation that receives grant from the government on a recurrent basis. The grant contributes towards the organisation's operational expenses, in exchange for its service to the public. The recurrent grant may account for the bulk of the organisation's income or may just be a token contribution/sponsorship forming a small percentage of the organisation's total income.)*

- Please visit <http://www.itf.gov.hk> for details of the funding schemes under ITF and the administration of ITF projects. For Partnership projects, the following types of work or activities will **not** be eligible for cash rebate under the Scheme -
 - i. product enhancement/customisation and related work, conventional operation or/and business activities without scientific research content, such as product design and general system automation;
 - ii. local enterprises' in-house R&D work; and
 - iii. research projects outside the science and technology fields such as market research and management studies.

- 3. The designated local public research institutions for Partnership projects include -
 - i. local universities;
 - ii. R&D Centres set up by the Government;
 - iii. Hong Kong Productivity Council;
 - iv. Vocational Training Council; and
 - v. Hong Kong Institute of Biotechnology.

Contact information of the designated research institutions are in paragraph 27 below.

Application and Payment Procedures

- 4. The Scheme accepts applications **all year round**. An enterprise should register as a user and submit its application through the Cash Rebate

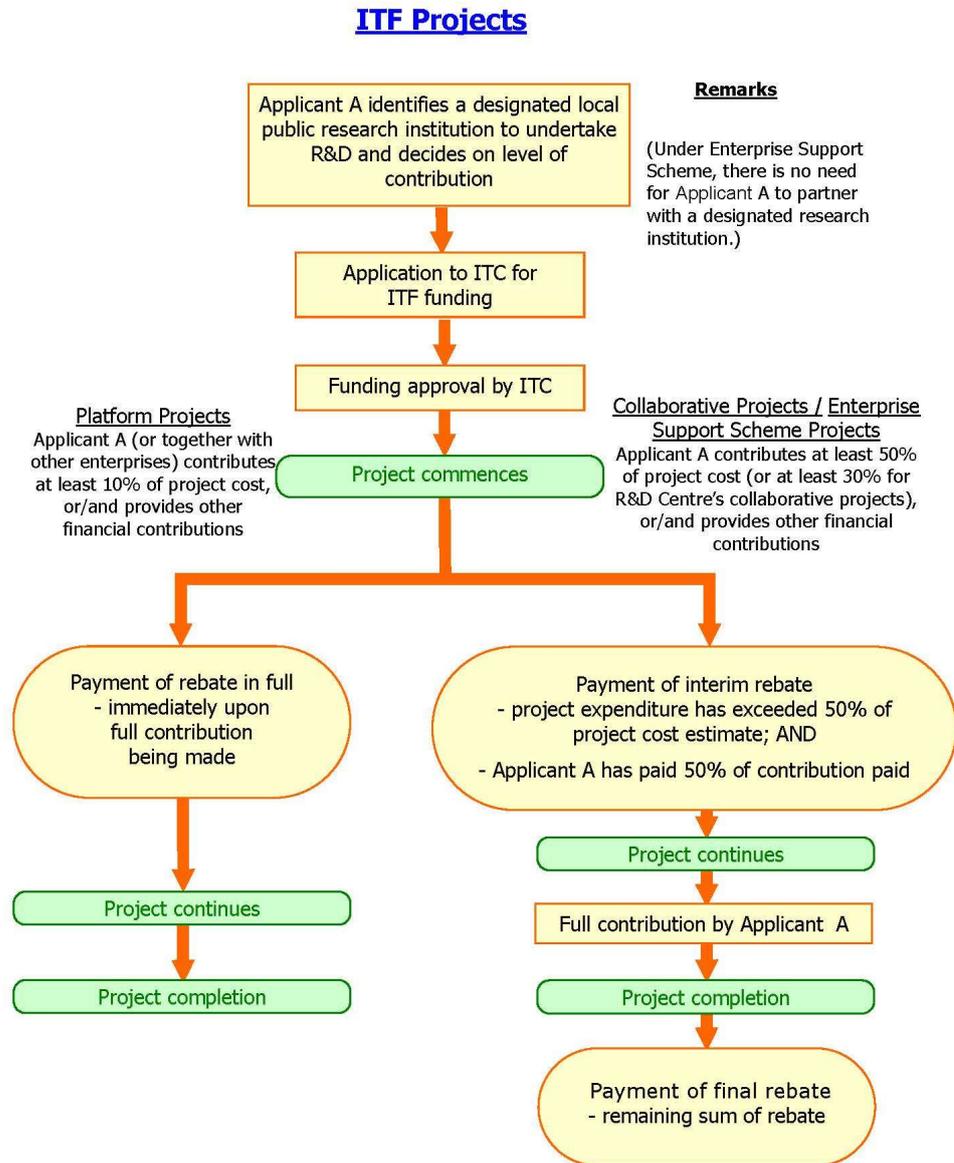
Scheme Funding Administrative System (CRSFAS) within two years after completion of the relevant R&D project (in the case of Partnership projects, applicants are also required to submit a pre-registration to the ITC as described in paragraph 11 below). The designated local public research institution or other parties cannot submit application on behalf of the applicant.

ITF projects

5. Applicants' contributions to ITF projects mainly fall into two categories -
 - i. under a *platform project*, the applicant (or together with other enterprises) will provide sponsorship for at least 10% of the project cost, or/and provide other financial contribution; and
 - ii. under a *collaborative project*, the applicant will provide sponsorship for at least 50% of the project cost (at least 30% for R&D Centre projects), or/and provide other financial contribution.
6. For *Enterprise Support Scheme projects*, the applicant will contribute no less than 50% of the project cost.
7. For a *platform project*, an applicant can submit cash rebate application (**Form A(I)**) upon full payment of its pledged contributions to the project.
8. For a *collaborative project or Enterprise Support Scheme project*, the cash rebate is disbursed to an applicant in two phases. The applicant can submit an application for the interim payment of cash rebate (**Form A(I)**) when the project expenditure has exceeded 50% of the total project estimate and the applicant has paid 50% of the pledged contribution. It can submit an application for the final payment upon project completion. The interim payment of cash rebate will normally be calculated on the basis of 50% of the total project estimate, and the final payment will be based on the finalised project accounts².

² The project accounts are considered as finalised subject to the settlement of all cost items under the relevant ITF project, including but not limited to confirmation of administrative overheads by the designated local public research institution, payment of the confirmed administrative overheads by ITC, and the repayment of residual fund and interests to ITC by the designated local public research institution. For ITF projects that required a longer processing time for settlement of the relevant cost items, applicants are encouraged to consider applying for interim payment of cash rebate if necessary.

9. The following flowchart illustrates the cash rebate application process in respect of the above ITF projects -



Partnership projects

10. Partnership projects refer to applied R&D projects which are funded entirely by applicant and undertaken by the designated local public research institutions. Information on the designated local public research institutions is set out in paragraph 27 below. To avoid conflict of interest, the applicant should not be the equipment/service suppliers of the project. Moreover, directors/shareholders/management team/staff member of the applicant should not be employed as project team members.
11. To be eligible for cash rebate under a Partnership project, an applicant is required to first pre-register its project proposal with the ITC (**Form B(I)**) via the CRSFAS. The pre-registration should normally be made before the project commences and in any case within one month after the project commencement with provision of the following details -
- i. applicant information;
 - ii. brief description of the purpose and the scope of the R&D project; and
 - iii. the designated research institution engaged by the applicant and the contact person.

The ITC may seek clarification or supplementary document/information from the applicant and the designated research institution if necessary. Relevant technical experts may be consulted on the technical aspects of the applications. The actual processing time will depend on the amount of applications received at the time, complexity of individual applications, comprehensiveness and clarity of the information provided, etc. Project pre-registration **should not be taken as prior approval** of the ITC for cash rebate application. Modifications to the project as agreed between the applicant and the designated research institution do not require endorsement by ITC. Unlike ITF projects, ITC is not involved in the implementation and administration of Partnership projects. The designated research institution should ensure the scope of the project is within the ambit of the Scheme and the implementation is in compliance with the relevant requirements in this Application Guide. For the purpose of processing an application under the Scheme, ITC will seek clarifications from the designated research institutions on details of the R&D projects where necessary.

12. Applications for cash rebate (**Form B(II)**) should be supported by project reports from the designated local public research institutions to certify that -

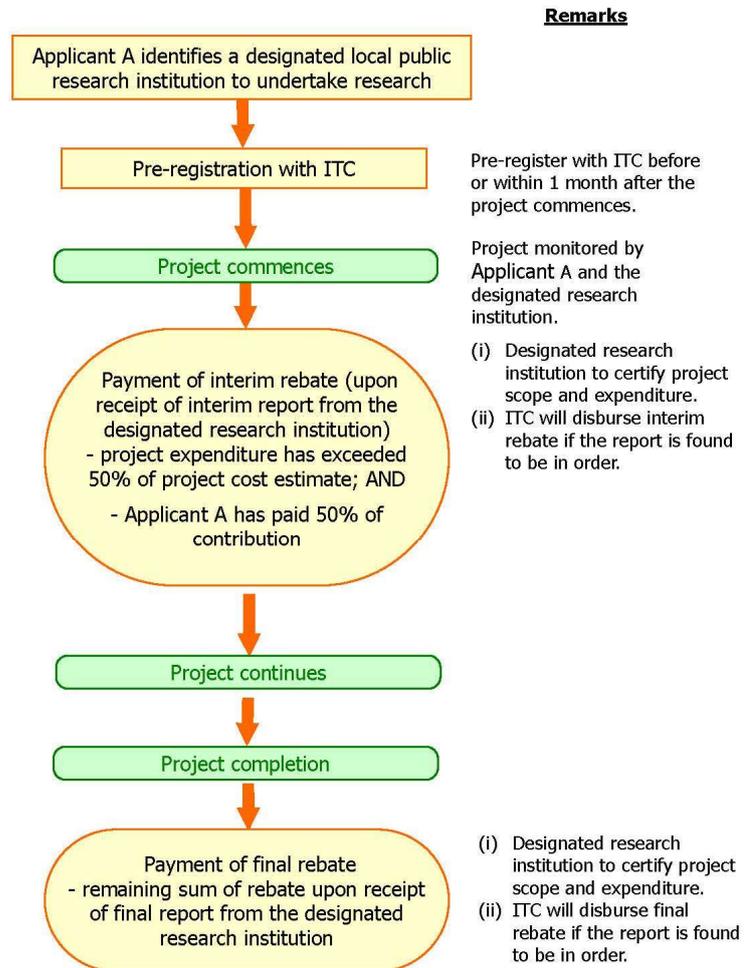
- i. the scope of the applicant's project is an applied R&D project within the ambit of the Scheme; and
- ii. the financial payment by the applicant is in order.

A template for the interim or final project report by the relevant designated research institution are available at https://www.itf.gov.hk/-eng/CRS_forms.asp.

13. Similar to ITF projects, project expenditure which is essential and necessary for the conduct of a Partnership project (e.g. manpower, equipment and other direct costs such as materials and consumables) is eligible for cash rebate under the Scheme. Other expenditure items (e.g. advertisement and publicity, conference attendance and related expenses, training, sponsorship for visiting scholars, entertainment and related expenses, local travelling expenses and tax) are not eligible for cash rebate under the Scheme. Trip outside Hong Kong is normally not allowed unless such a trip is absolutely necessary and of direct relevance to the R&D work in the project. Only one person from the project team is allowed to take part in each trip at reasonable cost (e.g. economy class fare only, if applicable) with the total expenses not exceeding 5% of the project's actual total expenditure.

14. Similar to ITF *collaborative* projects, the cash rebate for Partnership projects is disbursed to an applicant in two phases (see paragraph 8 above). The following flowchart illustrates the two phases of payment of cash rebate -

Partnership Projects



15. The ITC reserves at all times the absolute right to require the applicant to submit additional documentary proof to substantiate its application. Applications without such proof will be rejected.

16. Where the cash rebate amount for a project exceeds \$50 million, approval from the Finance Committee of the Legislative Council is required.
17. Moreover, the applicant and the designated local public research institution should keep proper record of documents related to the project for seven years after project completion/termination and submit them to ITC on request at any time during this period. By submitting the application form, the applicant agrees the designated research institution may disclose to ITC all information related to the project, including communications and financial transactions between the applicant and the designated research institution.

Disbursement of Cash Rebate

18. Upon approval of application, the ITC will arrange to pay the cash rebate into the applicant's bank account as provided in the application form. Applicants are required to notify the ITC of any change in their name, bank account or address immediately to facilitate communications and disbursement of cash rebate.
19. The ITC reserves at all times the absolute right to review all applications and adjust the cash rebate amount as necessary. In the event that there is overpayment due to error in calculation or assessment, applicants are required to refund the amount overpaid within 30 days upon notification.

Notification of Results

20. Applications will be processed on a first-come-first-served basis. The ITC aims to complete the processing of an application for cash rebate within 30 working days from the date of the receipt of the duly completed application accompanied by all necessary documentation. The ITC will acknowledge receipt of pre-registration of Partnership projects within 5 working days, with a copy to the relevant designated local public research institution. Applicants should ensure that applications are submitted with the correct payment instructions and the necessary supporting documents. Failure to do so may cause delay in processing the applications, or even resulting in rejection of applications. Applicants should contact the R&D Cash Rebate Scheme

Section of the ITC if they do not hear from or receive any notification from the ITC one month after submitting applications.

Deadline for Applications

21. Applications of cash rebate for ITF projects should be submitted within 2 years after the acceptance of the final audited account of the projects by the ITC. Applications for cash rebate for Partnership projects should be submitted within 2 years after the completion of the project as certified by the relevant designated local public research institutions.

Amendment and Cancellation of Applications

22. Applicants should ensure that all the information in the application form and the project report provided by the designated research institution is true and correct. If there is any change to the information contained in the application (including its supporting documents) after its submission, the applicant should inform the ITC in writing promptly and provide the supporting documents as appropriate. Applicants are reminded that any amendments shall form an integral part of their applications. Likewise, an applicant should submit a written request to cancel its application.

Handling of Information

23. Subject to the provisions below, information provided by applicants in their applications will be kept in confidence. The information may be disclosed to the concerned designated local public research institution, other Government departments or third parties in Hong Kong, if such disclosure is necessary for the purposes of processing the application, conducting research and survey, compiling statistics or required by law, or if explicit consent to such disclosure is given by the applicant/data subject. A summary of the approved project will also be posted on relevant websites for reference.

Important Notes

24. It is the responsibility of the applicants and the designated research institutions to read carefully the Application Guide of the Scheme and complete the application forms and submit supporting documents

required by the ITC fully and truthfully. Inaccurate and incomplete information may affect the consideration and processing of the applications, and may result in delay or rejection. Applicants should note that any misrepresentation or omission of information may lead to rejection of applications and/or full recovery of cash rebate already awarded, and possible court proceedings. Applicants are also reminded that it is an offence to obtain property/pecuniary advantage by deception. Any person who does so commits an offence and is liable to legal proceedings.

24. The applicants and the designated local public research institutions should conform in all respects with all applicable laws and regulations (including without limitation the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region). The Government may at any time revoke an approved application with immediate effect and request full recovery of cash rebate already awarded on the occurrence of any of the following events:

- i. the applicant company has engaged or is engaging in acts or activities that are likely to constitute or cause the occurrence of offences endangering national security or which would otherwise be contrary to the interest of national security;
- ii. the continuance engagement of the applicant company or the continued performance of the R&D Project concerned is contrary to the interest of national security; or
- iii. the Government reasonably believes that any of the events mentioned in paragraph 25(i) to 25(ii) above is about to occur.

25. Approved applications will be revoked and the Government may require refund of disbursed funding if applicant companies fail to comply with any of the requirements stipulated in this Guide.

Enquiries

26. Contact information of the designated local public research institutions for Partnership projects are as follows -

	Institutions	Contact Tel / Email
--	---------------------	----------------------------

a)	Local universities –	
(i)	The Chinese University of Hong Kong	Ms Erika Yuen Technology Development Manager Office of Research and Knowledge Transfer Services Tel: (852) 3943 1483, (852) 3942 0993 Email: erikayuen@cuhk.edu.hk
(ii)	City University of Hong Kong	Ms Pat Lam Research Grants and Contracts Office Tel: (852) 3442 6278 Email: pat.lam@cityu.edu.hk
(iii)	Hong Kong Baptist University	Mr Ivan Lau Manager Research Office Tel: (852) 3411 7751 Email: ivanlau@hkbu.edu.hk
(iv)	The Hong Kong Polytechnic University	Ms Kit Chan PolyU Technology and Consultancy Company Limited Tel: (852) 3400 2711 Email: ptec@polyu.edu.hk
(v)	The Hong Kong University of Science and Technology	Ms Shirley WOO Vice-President (Business Affairs) HKUST R&D Corporation Limited Tel: (852) 2358 8060 Email: rdc@ust.hk
(vi)	The University of Hong Kong	Ms Joanne Cho Finance and Administration Manager The University of Hong Kong, Technology Transfer Office Versitech Limited

		Tel: (852) 2299 0111 Email: info@tto.hku.hk
b)	R&D Centres set up by the Government -	
(i)	Automotive Platforms and Application Systems R&D Centre	Ms Esther Siu Administration Manager Tel: (852) 2788 5079 Email: esthersiu@hkpc.org
(ii)	Logistics and Supply Chain MultiTech R&D Centre	Ms Joann Ting Program Operations Manager Tel: (852) 3973 6255 Email: jting@lscm.hk
(iii)	Hong Kong Research Institute of Textiles and Apparel	Mr Edwin Keh Chief Executive Officer Tel: (852) 2627 8181 Email: edwinkeh@hkrita.com
(iv)	Nano and Advanced Materials Institute	Dr Harry Chan Senior Project Manager Tel: (852) 3511 3487 Email: harrychan@nami.org.hk
(v)	Hong Kong Applied Science and Technology Research Institute	Ms Mavis Yip Financial Controller Tel: (852) 3406 2409 Email: mavisyip@astri.org
c)	Hong Kong Productivity Council	Ms Gillian Luk Senior Manager, Council Secretariat Tel: (852) 2788 6283 Email: gillian@hkpc.org
d)	Vocational Training Council	Mr Jack Man-tik MOK Project Manager Tel: (852) 3974 3628

		Email: mtmok@vtc.edu.hk
e)	Hong Kong Institute of Biotechnology	Dr Gina Jiang Managing Director Tel: (852) 2603 5111, (852) 2603 5012 Email: enquiry@hkib.org.hk

Innovation and Technology Commission

April 2024