

# 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) investment in the private sector and encourage companies to establish stronger partnership with local public research institutions. The Scheme is administered by the Innovation and Technology Commission (ITC).

### Eligibility

2. To encourage companies (*Note*) to invest more in research and development, the Scheme provides a cash rebate equivalent to 40% of a company'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 companies and conducted in partnership with designated local public research institutions.

- *Note: A company 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 entity registered in Hong Kong under the Business Registration Ordinance (Cap. 310); and*

- 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. companies' 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 25 below.

### **Application and Payment Procedures**

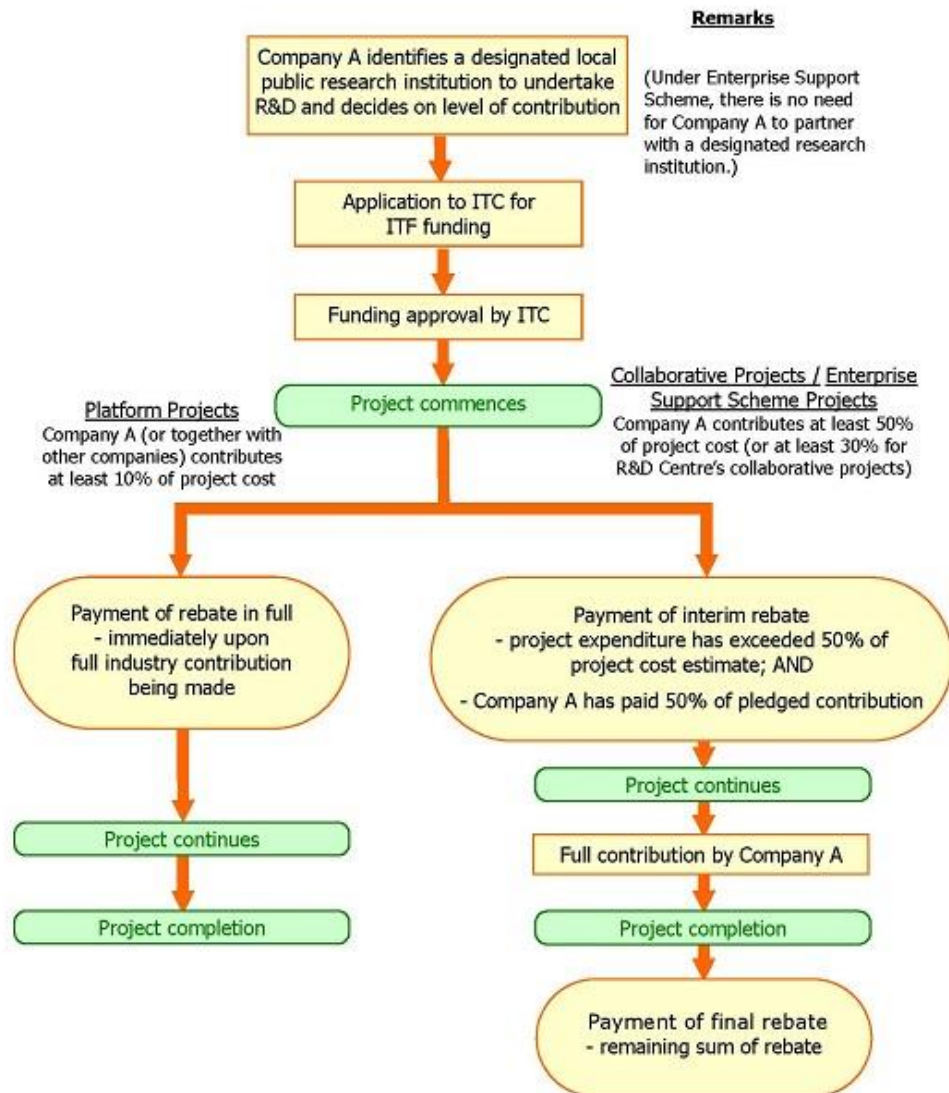
- 4. Application for cash rebate under the Scheme should be submitted in the form of hard copy by the company applicant together with a copy of its valid Hong Kong Certificate of Incorporation/Hong Kong Business Registration Certificate to the ITC by post or in person within two years after completion 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 company.

## ITF projects

5. Companies' contributions to ITF projects mainly fall into two categories -
  - i. under a *platform project*, the company (or together with other companies) will contribute at least 10% of the project cost; and
  - ii. under a *collaborative project*, the company will contribute at least 50% of the R&D project cost (at least 30% for R&D Centre projects).
6. For an *ITF platform project*, a company can submit cash rebate application (**Form A(I)**) upon full payment of its pledged contributions to the project.
7. For an *ITF collaborative project*, the cash rebate is disbursed to a company in two phases. The company 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 company 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 accounts.
8. The following flowchart illustrates the cash rebate application process in respect of the above two categories of ITF projects -

## ITF Projects



9. Companies undertaking R&D projects under the Enterprise Support Scheme can also apply for cash rebate following the procedures in paragraph 7 and flowchart illustration in paragraph 8 above.

### **Partnership projects**

10. Partnership projects refer to applied R&D projects which are funded entirely by companies and undertaken by the designated local public research institutions. Information on the designated local public research institutions is set out in paragraph 25 below. To avoid conflict of interest, the company applicant should not be the equipment/service suppliers of the project. Moreover, directors/shareholders/management team/staff member of the company applicant should not be employed as project team members.
11. To be eligible for cash rebate under a Partnership project, a company is required to first pre-register its project proposal with the ITC (**Form B(I)**). 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. company information (with a photocopy of its valid Hong Kong Certificate of Incorporation/Hong Kong Business Registration Certificate);
  - ii. brief description of the purpose and the scope of the R&D project; and
  - iii. the designated research institution engaged by the company and the contact person.

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 company 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 shall 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

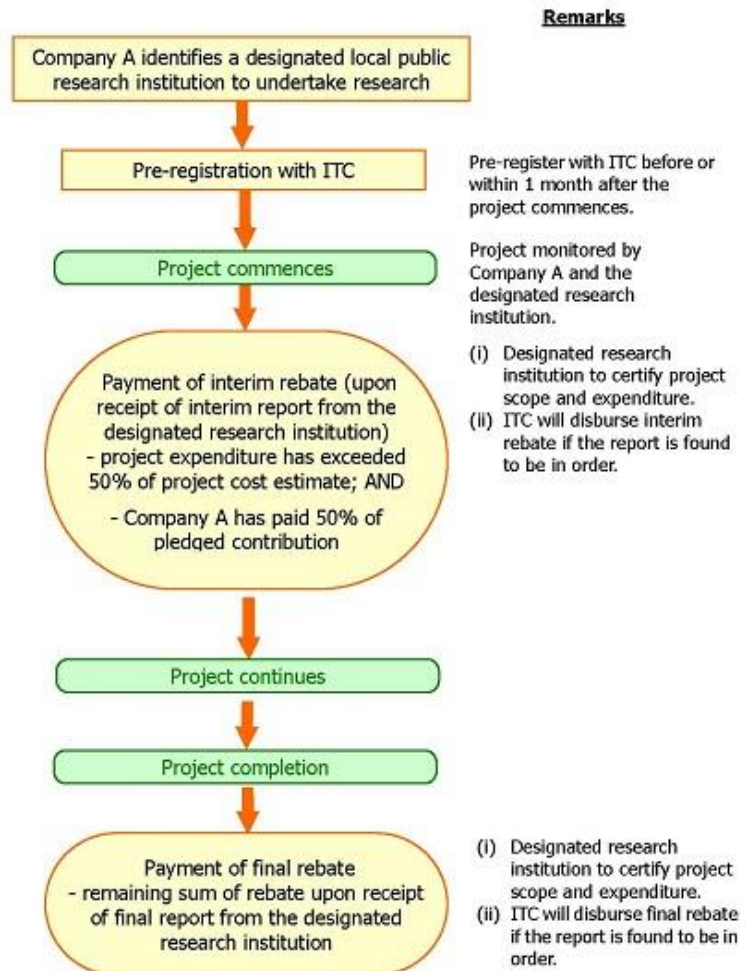
clarifications from the designated research institutions on details of the R&D projects where necessary.

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 company is in order.

Cash rebate application form, Partnership project pre-registration form and 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](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 a company in two phases (see paragraph 7 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 \$30 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.

### **Disbursement of Cash Rebate**

18. Upon approval of application, the ITC will arrange to pay the cash rebate into the applicant's company bank account as provided in the application form. Applicants are required to notify the ITC of any change in their company 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 shall submit a written request to cancel its application.

### **Handling of Information**

23. Information provided by companies in their applications will be kept in confidence. It may however 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 or required by law, or if explicit consent to such disclosure is given by the applicant/data subject.

### **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.

## Enquiries

25. 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<br>Assistant Technology Development Manager<br>Office of Research and Knowledge Transfer Services<br>Tel: (852) 3943 1483, (852) 3942 0993<br>Email: <a href="mailto:erikayuen@cuhk.edu.hk">erikayuen@cuhk.edu.hk</a> |
| (ii)  | City University of Hong Kong         | Ms Pat Lam<br>Research Grants and Contracts Office<br>Tel: (852) 3442 6278<br>Email: <a href="mailto:pat.lam@cityu.edu.hk">pat.lam@cityu.edu.hk</a>   |
| (iii) | Hong Kong Baptist University         | Ms Doris Fung<br>Head of Research Administration Unit<br>Tel: (852) 3411 2755<br>Email: <a href="mailto:dorifung@hkbu.edu.hk">dorifung@hkbu.edu.hk</a>  |
| (iv)  | The Hong Kong Polytechnic University | Ms Kit Chan<br>PolyU Technology and Consultancy Company Limited   |

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|   |   |  | Tel: (852) 3400 2711<br>Email: <a href="mailto:ptec@polyu.edu.hk">ptec@polyu.edu.hk</a>   |
| (v)                                       | The Hong Kong University of Science and Technology      |  | Ms Shirley WOO<br>Vice-President (Business Affairs)<br>HKUST R&D Corporation Limited<br>Tel: (852) 2358 8060<br>Email: <a href="mailto:rdc@ust.hk">rdc@ust.hk</a>                           |
| (vi)                                      | The University of Hong Kong                             |  | Ms Laura Yu<br>Manager, Business Development (Science and Engineering)<br>Technology Transfer Office<br>Tel: (852) 2299 0111<br>Email: <a href="mailto:info@tto.hku.hk">info@tto.hku.hk</a> |
| b) R&D Centres set up by the Government - |   |  |   |
| (i)                                       | Automotive Platforms and Application Systems R&D Centre |  | Ms Evon Yip<br>Administration Manager<br>Tel: (852) 2788 5079<br>Email: <a href="mailto:evonyip@hkpc.org">evonyip@hkpc.org</a>  |
| (ii)                                      | Logistics and Supply Chain MultiTech R&D Centre         |  | Miss Sammi Wong<br>Program Operations Manager<br>Tel: (852) 2299 0537<br>Email: <a href="mailto:smlwong@lscm.hk">smlwong@lscm.hk</a>  |
| (iii)                                     | Hong Kong Research Institute of Textiles and Apparel    |  | Mr Edwin Keh<br>Chief Executive Officer<br>Tel: (852) 2627 8181<br>Email: <a href="mailto:edwinkeh@hkrita.com">edwinkeh@hkrita.com</a>  |
| (iv)                                      | Nano and Advanced Materials Institute                   |  | Dr Vincent Li<br>Director of Business Development<br>Tel: (852) 3511 3451<br>Email: <a href="mailto:vincentli@nami.org.hk">vincentli@nami.org.hk</a>  |

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|    | (v) Hong Kong Applied Science and Technology Research Institute | Ms Mavis Yip<br>Financial Controller<br>Tel: (852) 3406 2409<br>Email: <a href="mailto:mavisyip@astri.org">mavisyip@astri.org</a>                               |
| c) | Hong Kong Productivity Council                                  | Ms Gillian Luk<br>Senior Manager, Council Secretariat<br>Tel: (852) 2788 6283<br>Email: <a href="mailto:gillian@hkpc.org">gillian@hkpc.org</a>                  |
| d) | Vocational Training Council                                     | Dr Stella KWOK Sin-tung<br>Senior Project Officer<br>Tel: (852) 2176 1439<br>Email: <a href="mailto:stellakwok@vtc.edu.hk">stellakwok@vtc.edu.hk</a>            |
| e) | Hong Kong Institute of Biotechnology                            | Prof Christopher H K Cheng<br>Managing Director<br>Tel: (852) 2603 5111, (852) 2603 5012<br>Email: <a href="mailto:enquiry@hkib.org.hk">enquiry@hkib.org.hk</a> |

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