

## 5.2 Eligible expenses

It is important you understand what eligible expenses are. You will need to show your expenses are eligible to receive [payments](#) during the course of your grant agreement. You will not receive your milestone payments unless your expenses are eligible expenses.

Your expenses are eligible where:

- they are in respect of promotional activities undertaken during the period of your Grant Agreement for the purpose of marketing [eligible products](#) in foreign countries and you have a [designated connection](#) to the eligible product, or
- if you are a [Tier 1](#) or [representative body](#) grantee, training activities undertaken for the purpose of developing skills in marketing eligible products in foreign countries.

You will be required to indicate in your application your overall budget for each financial year you are applying for, and if requested, be able to show how you estimated the planned eligible expenditure. The types of eligible expenses are described below.

You must spend your grant money on eligible expenses between the start date and end date for your [grant agreement](#).

### 5.2.1 ELIGIBLE EXPENSE TYPES

As explained above, all expenses must relate to promotional activities to market your [eligible products](#) in foreign countries, or training activities to develop skills in such marketing.

Your expenses must also meet any other requirements in your [grant agreement](#), including the particular requirements of the [Tier](#) for which you have received a grant. For example, if you have entered into a Tier 3 grant agreement your expenses must be for activities that are an expansion of your previous promotional activities and for activities that are a [strategic shift](#) from your previous promotional activities, as outlined in your plan to market. These Tier 3 specific requirements will be a part of your grant agreement.

Expenses you wish to claim must fall into one or more of the following categories.

#### 5.2.1.1 Maintaining a representative in a foreign country

Maintaining a representative in a foreign country for more than six months in a financial year so far as the representative is either:

- conducting research into the market in that country for your eligible products
- undertaking promotional activities to market your eligible products in that country.

This includes expenses such as salaries and wages of the representative, office rental costs, education of the representative's children if relocated for the role, relocation expenses, and recruiting a replacement representative.

Where your representative is undertaking other activities outside these two activities described above, it is not an eligible expense. At the milestone payment stage, you may be asked to demonstrate what part of your representative's time was allocated to these activities. In this situation it is advisable to keep records detailing this distinction from the beginning of their engagement to make milestone payments easier.

#### 5.2.1.2 Short trips to a foreign country

Up to 21 days' continuous travel for you or your representative, between Australia and a foreign country.

# Export Market Development Grants

This includes expenses such as airfares, accommodation expenses, incidentals, ground transport and food.

Trips may be longer than 21 days and incorporate activities other than export promotion. If so, then only those days dedicated to export promotion, up to a maximum of 21 continuous days, would be eligible.

When estimating travel budgets, the daily expense allowances used by the [Australian Tax Office](#) describe the upper limits allowable under EMDG. These limits will be described in your grant agreement.

The ATO determination is updated every year and will take into account cost changes in your markets. Austrade will provide details about how to find the determination through our website.

## 5.2.1.3 Consultants

Engaging a consultant to undertake either:

- research into the market in a foreign country for your eligible product
- promotional activities to market your eligible product in that country.

This includes expenses such as original research, export planning and export pricing strategies and designing marketing materials (see also [sales-related expenses](#) and [remuneration-like expenses](#)).

This does not include engaging a grant agent to complete your application or reporting during the life of your agreement.

## 5.2.1.4 Short trips within Australia

Up to 21 days' continuous travel within Australia for you or your representative, to undertake activities relating to marketing your eligible product to potential foreign buyers.

This could include expenses such as food and accommodation, transport, and participation in trade shows in Australia where buyers for overseas markets are present.

It does not include ordinary remuneration for you or your representative.

## 5.2.1.5 Foreign buyer visits

Up to 21 days' continuous travel between Australia and a foreign country, and within Australia, of a prospective foreign buyer of your eligible product so you can undertake promotional activities to market your eligible products to that buyer.

This includes expenses such as airfares to and from Australia, accommodation, food and incidental travel expenses.

## 5.2.1.6 Soliciting for business in a foreign country

Expenses for activities undertaken by you or your representative to solicit for business in a foreign country for your eligible products, where undertaken in a foreign country. This could include expenses such as trade show exhibits.

## 5.2.1.7 Free samples

Providing free samples of your eligible product either:

- to a person in a foreign country

- if your eligible product is tourism services, then in Australia to a person from a foreign country.

This includes expenses that are attributable to the actual cost of providing product samples free of charge. Your samples must be the same as your product that would be provided under any future sales agreements. This includes costs such as postage or freight to deliver samples overseas.

Expenses for free samples do not include samples given away as discounts or for sales-related adjustments to the recipient, or where they relate to product or prototype development.

## **5.2.1.8 Promotional and advertising material**

Producing and providing material to promote or advertise your eligible product in the foreign country.

This includes expenses such as website design and build costs, virtual events, social media marketing, Google advertising, and design and printing of brochures.

The cost for the promotional activities must be your costs. The promotional activities can be undertaken by someone else on your behalf.

There are many different types of contractual arrangements that reflect the relationship between yourself and the person undertaking the promotional activities targeted at an overseas market for your product. For the expense to be eligible you must be able to demonstrate the cost to you as the grantee.

An example of this might be where a distribution company pays royalties to you for sales of your intellectual property or software in a foreign country. That company might agree to cover the promotional costs in that foreign market and account for this by reducing royalty payments to you. This means you are being paid for the sale of your product and then charged for your promotional expenses.

To claim this arrangement as an eligible expense you will need to provide evidence of the total amount that the distribution company is charging (the cost to you), for undertaking promotional activities. This is likely to be described in your contract.

## **5.2.1.9 Intellectual property rights**

Seeking the granting, registration or extension of intellectual property rights of your eligible product in a foreign country.

This includes expenses such as payments to patent and trademark attorneys and to relevant government trademark and patent offices.

## **5.2.1.10 Training activities – representative bodies**

If you are a [representative body](#), delivering (or arranging to deliver) training to members of the represented group so they can better market their eligible products in foreign countries.

## **5.2.1.11 Training activities – Tier 1 applicants**

If you are a [Tier 1](#) applicant, obtaining training so that you or your staff can better market your eligible products in foreign countries.

Your training expenses are not eligible if that training is being funded under a grant agreement with a representative body.