

Designation as Designated Local Research Institution

Frequently Asked Questions

1. Which institutions can apply for designation as Designated Local Research Institutions (DLRIs)?

According to Section 19(1), Schedule 45 of the Inland Revenue Ordinance (Cap.112) (IRO), the Commissioner for Innovation and Technology (CIT) may designate any of the following institutions as a DLRI –

- (a) any university or college located in Hong Kong;
- (b) any other local institution that undertakes qualifying research and development (R&D) activities in Hong Kong. Local institution means an institute, association, organization or corporation that is located in Hong Kong.

A local institution that undertakes qualifying R&D activities in Hong Kong and intends to seek for the designation (Applicant) can make application to the Innovation and Technology Commission (ITC).

2. Why does a local institution apply for the designation as DLRI?

Once a local institution has obtained the designation, an enterprise will be entitled for claiming the enhanced tax deduction for payment made to that institution for carrying out qualifying R&D activities on its behalf. This includes the payment made to that institution within six months before the designation.

3. What are the application procedures and the criteria for assessing applications?

Application is open all year round. Applicants should follow the procedures set out in the Application Guidelines to submit their applications.

To be considered for the designation as a designated local research institution, applicants are required to meet specified criteria (e.g. with expertise in providing qualifying R&D services in one or more science and technology fields, having sufficient equipment, facilities and qualified R&D personnel to provide R&D services, with good research project management experience and relevant track records, etc.). ITC will assess the information, supporting evidence and documentary proof provided by applicants to verify whether they comply with the prescribed criteria. If necessary, ITC may require applicants to make clarification, provide further information and arrange on-site assessments by ITC.

4. If the research team leader does not hold a Master's degree but has extensive R&D experience and relevant professional qualifications, will it be considered as equivalent to the required academic qualifications?

Under para.4.1(a)(i) of the Application Guidelines, other relevant achievements will be taken into account when assessing the attainment of the required academic qualification. Factors which may be taken into account when assessing the equivalence to the academic qualifications include those that are related to the competence and expertise of the research team leader, e.g. achievements in research, experience in leading R&D projects, professional qualifications, recognition by advanced research institutions, etc.

5. The definition of some science and technology areas undertaken by a local institution may not be so easy to define and may involve in more than one field of science and technology. Could the applicant apply for more than one field of science and technology area? Could you provide an example on how to categorise the technology area on “Information and Communication Technology”?

Applicant could apply for more than one science and technology field if the applicant could demonstrate that it has relevant competency. For “Information and Communication Technology”, it is proposed to be categorised under the field “2.2 - Electrical engineering, electronic engineering, information engineering”.

6. How long will it take to obtain a designation as a designated local research institution after submission of application?

The time for application assessment will depend on the complexity of the case, the number of science and technology fields applied for and whether an on-site assessment is required. For an application relating to a relatively less complex science and technology field with all required documentary proof and clarifications provided and on-site assessment not required, ITC will notify the applicant the result in writing within 6 weeks. For more complicated cases, the processing time will be longer.

7. How long will the designation be in force?

In general, the designation of local institution as DLRI carries a validity period of two to four years. If a DLRI wishes to maintain its designation status, it must apply to ITC for renewal four months before the expiry of the validity period.

8. Where could I find the list of DLRI's?

The list of DLRI's showing the relevant information (e.g. name, validity period of designation, science and technology field) is open to public on the ITC's website and are updated from time to time.

9. Which government department should I contact if I want to enquire about claims for tax deduction relating to R&D expenditures paid to a DLRI?

ITC is responsible for the designation of DLRI only. For matters concerning tax deduction claims and all other related taxation issues, enquirers should contact the Inland Revenue Department.

10. Who should I contact if I want to enquire about the designation of DLRI?

Please contact DLRI Secretariat of ITC. The address and contact information are as follows -

Address: DLRI Secretariat
Innovation and Technology Commission
10/F, North Tower, Tseung Kwan O Government Offices
30 Tong Yin Street, Tseung Kwan O
Sai Kung, New Territories

Tel.: 3543 5904

Email: DLRI-enquiry@itc.gov.hk

Website: <http://www.itc.gov.hk/en/dlri/index.htm>