

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Innovation, Industry, Science and Research Portfolio
Additional Estimates Hearing 2009-10
10 February 2010

AGENCY/DEPARTMENT: INNOVATION, INDUSTRY, SCIENCE AND RESEARCH

TOPIC: R&D Feedstock Rule

REFERENCE: Written Question – Senator Eggleston

QUESTION No.: AI-26

Under the “feedstock” rules, the Exposure Bill will penalise successful R&D by allowing the Australian Tax Office to claw back the tax credit for the entire cost of the actual R&D activities if the R&D activities are ultimately successful in creating value in the future. By clawing back the tax credit in the future where R&D is successful but not if the R&D fails, can the Department explain the policy rationale for penalising companies for successful R&D and rewarding failed R&D?

ANSWER

Government continues to work with Industry to finalise aspects of the R&D Tax Credit including feedstock to align policy intent with our stated commitments.