

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 Claims

REFERENCE: Written Question –Senator Eggleston

QUESTION No.: AI - 27

Is AusIndustry involved in the auditing of companies claiming the current R&D tax concession?

How many claims and companies has AusIndustry audited over each of the last 3 years?

What is the value of all claims audited by AusIndustry over each of the last 3 years?

Of those claims audited how many claims were found not to qualify as eligible R&D in each of the last 3 years?

What was the value of the claims found not to qualify as eligible R&D in each of the last 3 years?

ANSWER:

All dollar figures in the responses below are revenue foregone and are GST neutral.

Is AusIndustry involved in the auditing of companies claiming the current R&D tax concession?

On behalf of Innovation Australia, AusIndustry undertakes statutory assessments (not specifically termed ‘audits’) of registered research and development activities which have been identified as high risk, or which have been referred to AusIndustry by the Commissioner of Taxation.

Assessments allow Innovation Australia to determine the eligibility of the activities claimed, and result in certificates being issued that are binding on the Commissioner of Taxation.

AusIndustry also undertakes risk reviews, which can take the form of a desk assessment to look at a single issue, or a more in depth review of company activities that involves a company visit (Hansard 10 February 2010, E76).

How many claims and companies has AusIndustry audited over each of the last 3 years?

As at 31 January 2010, for the elapsed 2009-10 financial year, AusIndustry has undertaken statutory assessments to determine eligibility of activities on 23 projects from 12 companies.

In 2008-09, AusIndustry undertook statutory assessments to determine eligibility of activities on 63 projects from 31 companies.

In 2007-08, AusIndustry undertook statutory assessments to determine eligibility of activities on 78 projects from 36 companies.

In 2006-07, AusIndustry undertook statutory assessments to determine eligibility of activities on 145 projects from 51 companies.

Of those claims audited how many claims were found not to qualify as eligible R&D in each of the last 3 years?

As at 31 January 2010, for the elapsed 2009-10 financial year, AusIndustry assessments resulted in 12 projects being disallowed.

In 2008-09, AusIndustry undertook statutory assessments resulting in 42 projects being disallowed.

In 2007-08, AusIndustry undertook statutory assessments resulting in 41 projects being disallowed.

In 2006-07, AusIndustry undertook statutory assessments resulting in 44 projects being disallowed.

What is the value of all claims audited by AusIndustry over each of the last 3 years?

As at 31 January 2010, for the 2009-2010 financial year, AusIndustry has undertaken statutory assessments on projects worth \$56.433 million.

In 2008-09, AusIndustry undertook statutory assessments on projects worth \$167.370 million.

In 2007-08, AusIndustry undertook statutory assessments on projects worth \$99.109 million.

In 2006-07, AusIndustry undertook statutory assessments on projects worth \$85.083 million.

Please note that the values quoted relate to the total reported R&D expenditure and that the actual amounts claimed are only known by the Australian Taxation Office (ATO).

What was the value of the claims found not to qualify as eligible R&D in each of the last 3 years?

As at 31 January 2010, for the 2009-2010 financial year, AusIndustry assessments have resulted in \$51.346 million worth of projects being disallowed.

In 2008-09, AusIndustry assessments resulted in \$53.190 million worth of projects being disallowed.

In 2007-08, AusIndustry assessments resulted in \$40.516 million worth of projects being disallowed.

In 2006-07, AusIndustry assessments resulted in \$22.467 million worth of projects being disallowed.

Please note that the values quoted relate to the total reported R&D expenditure and that the actual amounts claimed are only known by the Australian Taxation Office (ATO).