

**Senate Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
 Industry, Tourism and Resources Portfolio  
 Budget Estimates 2006-2007, 29 May 2006

**AGENCY/DEPARTMENT:** DEPARTMENT OF INDUSTRY, TOURISM AND RESOURCES  
**TOPIC:** REVENUE FOREGONE UNDER THE R&D TAX CONCESSION PROGRAM  
**REFERENCE:** HANSARD 29/05/06, PAGE E4

**QUESTION No.BI-1**  
 (Hansard 29/05/06, p.E4)

**Senator Campbell** asked about:

Can you provide figures for the revenue foregone under the offset element of the R&D Tax Concession program for 2002-03 to 2004-05?

**ANSWER**

The following table shows the number of companies registering for the offset element of R&D Tax Concession program and their reported R&D expenditure for the 2002-03 to 2004-05 income years as at 30 June 2006.

	2002-03 Year of Income		2003-04 Year of Income		2004-05 Year of Income (incomplete year)	
	Registrations	R&D Expenditure \$m	Registrations	R&D Expenditure \$m	Registrations	R&D Expenditure \$m
<b>Tax Offset (125%)</b>	1,835	499.3	2,161	565.5	2,165	570.3
<b>Tax Offset and 175% Incremental*</b>	147	61.5	211	98.0	300	130.8
<b>Total</b>	<b>1,982</b>	<b>560.8</b>	<b>2,372</b>	<b>663.5</b>	<b>2,465</b>	<b>701.1</b>

\* This data represents the reported expenditure by companies intending to claim the 175% incremental element. As such it includes expenditure that will be claimed at 125% as well as 175%.

The number of companies claiming the R&D Tax Concession as an offset has increased from 39% in 2002-03 to 42% in 2004-05 of the total number of companies registering for the R&D Tax Concession.

Revenue foregone under the R&D Tax Concession program is calculated by the Treasury. The latest data on the cost to the government of the program is provided in the *Treasury Tax Expenditure Statement 2005* (published December 2005).