

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry, Tourism and Resources Portfolio
Budget Estimates Hearing 2007-08
28 May 2007

AGENCY/DEPARTMENT: INDUSTRY, TOURISM AND RESOURCES

TOPIC: Basic 125% R&D tax concession

REFERENCE: Written Question

QUESTION No. B1-6

Senator Stott Despoja asked:

What information indicates that the 125% Concession is encouraging *additional* R&D activity?

ANSWER

The most recent review of the 125% R&D Tax Concession program by the Centre for International Economics (2003) found that the benefits generated by the 125% Concession are between \$0.70 and \$1.98 for each dollar of tax revenue forgone. This does not include the spillover benefits that arise from the research and skills flowing to other firms, nor the behavioural gains by the firms.