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**SENATE ESTIMATE QUESTIONS ON R&D TAX CONCESSION (2004-05) as at  
30 June 2006**

**Question 1a – Firm numbers by turnover**

Turnover Ranges	125% Concession	125% Offset	175% Premium *	175% Premium Offset	Total
Less than \$500,000	444	1330	72	118	1964
Between \$500,000 & \$1m	164	294	38	65	561
Between \$1 & \$5m	551	518	147	114	1330
Between \$5 & \$10m	294		91		401
Between \$10m & 25m	318		138		462
between \$25 & \$50m	196		82		279
Greater than \$50m	546		284		833
Total	2513	2165#	852	300^	5830

\* Note 175% Premium excludes Offset companies claiming the 175% Premium, These are counted separately in the 175% Premium Offset group

# The total includes 23 firms whose reported turnover was unclear.

^ The total includes 3 firms whose reported turnover was unclear.

**Question 1b – R&D Expenditure by turnover (\$ million)**

Turnover Ranges	125% Concession	125% Offset	175% Premium	175% Premium Offset	Total
Less than \$500,000	208	287	139	39	674
Between \$500,000 & \$1m	60	79	32	28	199
Between \$1 & \$5m	316	194	328	62	899
Between \$5 & \$10m	200		100		309
Between \$10m & 25m	214		248		463
between \$25 & \$50m	236		178		415
Greater than \$50m	2,272		2,553		4,827
Total	3,506	570#	3,578	131^	7,786

# The total includes 10 firms whose reported expenditure was unclear.

^ The total includes 2 firms whose reported expenditure was unclear

**Question 1c(i) – R&D intensity 1% and below**

Turnover Ranges	Number of firms	R&D Exp \$m
Less than \$500,000	1	0
Between \$500,000 & \$1m	1	0
Between \$1 & \$5m	16	0
Between \$5 & \$10m	28	1
Between \$10m & 25m	90	7
between \$25 & \$50m	94	16
Greater than \$50m	457	1,055
Total	687	1,080

**Question 1c(ii) – R&D intensity 1% to 2%**

Turnover Ranges	Number of firms	R&D Exp \$m
Less than \$500,000	1	0
Between \$500,000 & \$1m	2	0
Between \$1 & \$5m	40	2
Between \$5 & \$10m	34	4
Between \$10m & 25m	87	22
between \$25 & \$50m	56	29
Greater than \$50m	163	821
Grand Total	383	877

**Question 1c(iii) –Average R&D intensity**

R&D intensity by Turnover Categories	
Turnover Categories	Total R&D/Total Turnover (a)
Less than \$500,000	240.9%
Between \$500,000 & \$1m	49.4%
Between \$1 & \$5m	28.3%
Between \$5 & \$10m	10.8%
Between \$10m & 25m	6.4%
between \$25 & \$50m	4.2%
Greater than \$50m	1.0%
Average (all groups)	1.5%

Note: Firms with a zero turnover have been excluded

(a) these figures are calculated by dividing the total R&D expenditure by firms in each category by the total turnover of the firms in each category.

### **Question 3.**

The 2004–05 data (as at 30 June 2006) R&D expenditure by firms seeking the 175% Premium was \$3,709m.

An analysis of how much of the \$3,709m was for the 175% Premium component (additional) R&D found \$1,351m.

This figure should be treated with caution as it is estimated from the registration data. There will be some variation from the actual, as some firms may be part of a group. If the overall group's increase in R&D is lower, then the 175% Premium R&D component for a member firm will be reduced. The Treasury (Australian Taxation Office) should be approached for Actuals.

### **Question 4.**

The registration data for 2004-05 as at 30 June 2006 shows that the number of firms seeking to access the Offset was 2,465, of which 300 were also seeking to access the 175% Premium.

Their respective R&D expenditures were \$696 million and \$130 million.

Caution is needed in examining these figures:

- Firstly it is registration data, not the Actual numbers accepted by ATO.
- Secondly, the amount of R&D by firms accessing the Offset is not the same as the amount of R&D eligible for the Offset. Many firms straddle the profit/loss boundary and so some of the R&D would receive an immediate deduction and the remainder as an Offset.
- Thirdly, access to the Offset is capped by the total R&D expenditure and turnover of the entire company group. As the registration data cannot take account of these groupings, some of the registered R&D may actually fail to gain access to the Offset. For Actual data, you need to speak to the Treasury.