

**Senate Standing Committee on Economics**  
**ANSWERS TO QUESTIONS ON NOTICE**  
Innovation, Industry, Science and Research Portfolio  
Budget Estimates Hearing 2010-11  
31 May 2010

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**AGENCY/DEPARTMENT:** INNOVATION, INDUSTRY, SCIENCE AND RESEARCH

**TOPIC:** R&D Tax Credit

**REFERENCE:** Written Question – Senator Eggleston

**QUESTION No.:** BI-100

Will those companies undertaking applied development and improving productivity be able to satisfy the new definition which appears to apply to research rather than development?

Given the Government's focus on redirecting the Credit to SMEs, how will you ensure that the more restrictive rules and definitions won't adversely affect those companies?

**ANSWER**

Yes.

The R&D Tax Credit supports both research and experimental development. The creation of new or improved materials, products devices, processes or services is explicitly referred to in the definition of core R&D.

The R&D Tax Credit is intended to support genuine R&D by both SMEs and large firms. Guidance material will be produced to assist SMEs and large firms comply with and benefit from the program.