

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

AGENCY/DEPARTMENT: INNOVATION, INDUSTRY, SCIENCE AND RESEARCH

TOPIC: R&D Tax Credit

REFERENCE: Written Question – Senator Eggleston

QUESTION No.: BI-102

Can you confirm that one of the key intentions of the legislation is to redistribute R&D support from large businesses to SMEs – and explain why you think this is a desirable aim? And can you provide us with any practical information to demonstrate you are giving effect to that outcome?

Why, if one of the stated benefits of the new scheme is that it will supposedly benefit more SMEs, did Treasury say at an Additional Estimates hearing on 10 February 2010 that no modelling of any kind was done on the number of claimants?

ANSWER

One of the key intentions of the R&D Tax Credit is to increase the level of support available to all R&D entities, with small companies particularly benefitting from higher rates of assistance. The level of support is more generous for SMEs because SMEs are more responsive to fiscal incentives.

Modelling is a responsibility of the Department of the Treasury.