

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Innovation, Industry, Science and Research Portfolio
Budget Estimates Hearing 2011-12
30 May 2011

AGENCY/DEPARTMENT: INNOVATION, INDUSTRY, SCIENCE AND RESEARCH

TOPIC: R&D Tax Credit

REFERENCE: Written Question - Senator Colbeck

QUESTION No.: BI-105

The proposed strengthening of Innovation Australia's powers not to register R&D claims appears to facilitate a far more onerous structure than the normal self-assessment rules. How will you ensure that this will not increase 'red tape' and compliance burdens for small business?

ANSWER

The new R&D Tax Credit, like the existing R&D Tax Concession, will operate on a self-assessment basis.

The Government is ensuring that there will not be an increase in 'red tape' and compliance burdens for small business by providing a range of educational materials and support to help small business understand the new program. Also, the R&D Tax Credit allows a company to request an advance finding on whether an activity is eligible R&D prior to registering the activity.

A key function of the Innovation Australia Board will be to make a decision to register, or refuse to register, core R&D activities and supporting R&D activities during an income year. In making a decision about an application for registration, the Board will abide by the definition of R&D in the legislation. The Board may request additional information from an applicant for the purposes of making a decision, particularly in cases where insufficient or inadequate information has been provided in the application for registration.