

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

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

**TOPIC:** R&D Tax Credit

**REFERENCE:** Written Question - Senator Colbeck

**QUESTION No.:** BI-106

The change from a tax concession to a tax offset was predicated on the premise that the offset would be 'above the bottom line' and as a result more meaningful to businesses. How will the Department and Government ensure that the R&D incentive provides 'above the line' assistance to company budget?

**ANSWER**

The change from a tax concession to a tax offset was not predicated on the premise that the offset would be "above the line". To that end the government gave no assurances it would ensure that this would be the case.

In July 2009, the department sought advice from accounting professional bodies and the Australian Accounting Standards Board on this matter. CPA Australia and the Institute of Chartered Accountants advised they are against any changes to interpretation of the Australian Accounting Standard (AAS) being requested in response to the implementation of an R&D Tax Credit.