

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

AGENCY/DEPARTMENT: INNOVATION, INDUSTRY, SCIENCE AND RESEARCH

TOPIC: R&D Tax Credit

REFERENCE: Question on Notice (Hansard 20 October 2010, E62)

QUESTION No: SI-22

Senator BUSHBY—In the couple of minutes I have left, I will ask some quick questions about the research and development tax credit.

Senator Carr—I am delighted.

Senator BUSHBY—Do you accept that the closure of the 175 per cent premium concession will save around 30 to 35 per cent of the current cost of the program?

Mr Pettifer—The R&D expenditure by program element proportion under the current R&D tax benefit arrangements has the premium providing—and this is for the year ended 30 June 2010—59 per cent of the benefits. My colleague has just pointed out that that is total expenditure, not the benefit that is actually provided underneath the program. The number of firms that would benefit under the premium is about 19 per cent.

Senator BUSHBY—I am happy for you to look at the question and take it on notice and maybe analyse it a bit and get back to us.

Mr Pettifer—Yes, that would be helpful.

Senator BUSHBY—Do you accept that the closure of the 175 per cent premium concession will save around 30 to 35 per cent of the current cost of the program?

ANSWER

No. The Science, Research and Innovation Budget Tables show that Treasury estimates, in 2009-10, the Premium Tax Concession for additional R&D will be \$350 million out of a total cost of \$1.56 billion (22 per cent).

Figures are GST exclusive