

Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry Portfolio
Supplementary Budget Estimates Hearing 2013-14
21 November 2013

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY

TOPIC: R&D Tax Concession and Incentive

REFERENCE: Written Question – Senator Carr

QUESTION NO.: SI-119

1. Provide a detailed comparison between the previous R&D Tax Concession and the new R&D Tax Incentive outlining the number of companies registered, R&D expenditure and the percentage change between the two programs.
2. Since its inception, how many registrations has the Department received for the R&D Tax Incentive? How does this compare to the previous R&D Tax Concession?
3. Based on your analysis of the data, how is the program performing compared to the previous R&D Tax Concession?
4. Provide an update on progress implementing the quarterly credits measure for the R&D Tax Incentive, namely:
 - What is the current status of this measure? Will quarterly credits be available from 1 January 2014?
 - Have industry stakeholders expressed concern about this measure not going ahead?
 - Was there been any budget allocated to implement this measure? If so, how much and who manages it?

ANSWER

1. It is not possible to provide a detailed comparison between the former R&D Tax Concession program and the R&D Tax Incentive program because of different program rules and accounting treatments.
2. As at 30 October 2013, since the R&D Tax Incentive's inception (and since registration for the R&D Tax Incentive became available on 1 July 2012), almost 12,500 entities have sought registration (that is, applications).

For the complete 2010-11 income year under the R&D Tax Concession nearly 8,800 entities had registered under the R&D Tax Concession. This compares with over 9,300 entities registered under the R&D Tax Incentive for the 2011-12 income year.

Further information on the R&D Tax Concession and R&D Tax Incentive is available in the Innovation Australia 2011-12 Annual Report, as well as the forthcoming Innovation Australia 2012-13 Annual Report.

3. Sufficient data is not yet available to assess the performance of the R&D Tax Incentive program.

4. On 14 December 2013, the Government announced that it would not proceed with the R&D Tax Incentive quarterly credits measure. The budgetary impact has been reported in the Mid-Year Economic and Fiscal Outlook.

The media has reported some stakeholders expressing disappointment with the Government's decision not to proceed with this measure.