

R&DTI – SENATE COMMITTEE APPEARANCE (31 JANUARY 2019)

Questions taken on notice

1. Obviously, there has been a cost blowout in this measure that we've been referring to throughout the hearings since it was introduced in 2011. I'm wondering—and I think I might have asked this on notice—whether you have a breakdown of how the R&D tax incentive is distributed across industries.

The industry breakdown for the refundable (Table 1) and non-refundable (Table 2) R&DTI offsets are below.

Table 1: R&DTI refundable offsets by industry (2015-16)

Industry	No. claimants	Offsets (\$m)
Services	6,535	1,612
Agriculture, Forestry and Fishing	256	74
Manufacturing and Construction	2,672	592
Mining	317	146
Retail and Wholesale Trade	923	137
Industry not available	7	0
Total	10,710	2,561

The total refundable R&DTI claimants and offsets matches those published in the ATO's Taxation Statistics 2015-16 (the source of the data).

Data at the fine industry level is presented in Taxation Statistics 2015-16.

Components may not sum to totals due to rounding.

"Services" contains companies in the following industries: Accommodation and food services; Administrative and support services; Arts and recreation services; Education and training; Electricity, gas, water and waste services; Financial and Insurance Services; Health care and social assistance; Information Media and Telecommunications; Other services; Professional, Scientific and Technical Services; Public administration and safety; Rental, hiring and real estate services; Transport, postal and warehousing

The value of refundable offsets is not necessarily equal to the benefit received from the R&DTI, which depends on the taxable status of each company.

Table 2: R&DTI non-refundable offsets by industry (2015-16)

Industry	No. claimants	Offsets (\$m)
Services	702	1,408
Agriculture, Forestry and Fishing	58	57
Manufacturing and Construction	620	1,134
Mining	116	541
Retail and Wholesale Trade	254	383
Total	1,750	3,522

Please note that this is produced from unpublished company tax return data for the 2015-16 income year.

The total non-refundable R&DTI claimants and offsets matches those published in the ATO's Taxation Statistics 2015-16.

Components may not sum to totals due to rounding.

"Services" contains companies in the following industries: Accommodation and food services; Administrative and support services; Arts and recreation services; Education and training; Electricity, gas, water and waste services; Financial and Insurance Services; Health care and social assistance; Information Media and Telecommunications;

Other services; Professional, Scientific and Technical Services; Public administration and safety; Rental, hiring and real estate services; Transport, postal and warehousing.

The value of non-refundable offsets is not necessarily equal to the benefit received from the R&DTI, which depends whether the value of the offset above the company tax rate can be utilised against tax liabilities.

2. **I can put it on the record now, if you like. The tax office told us that, in 2015-16, there was \$6.8 billion in claims made; in 2017, it was \$6.1 billion; in 2018, it was \$5.1 billion; and, on average, there were around 13,000 organisations that made those claims. I'm wondering, of those 13,000 organisations, what industries they fell in, in dollar terms and, I suppose, in numbers too—because it would also be interesting to know what size companies are making these claims. Are they small companies? Are they start-ups? Are they large and established companies? My concern, I suppose, is that the R&D tax incentive seems to be a one-size-fits-all instrument that we are using across a number of very different and often quite new and nuanced industries. I wonder whether that was something that was considered when the policy that we have before us today, particularly the intensity measure, was put together.**

The turnover breakdown for the refundable (Table 3) and non-refundable (Table 4) R&DTI offsets are below.

Table 3: R&DTI refundable offsets by turnover size (2015-16)

Turnover	No. claimants	Offsets (\$m)
Less than \$2 million	7,664	1286
\$2 million - \$10 million	2,458	918
Greater than \$10 million	558	351
Turnover not available	30	6
Total	10,710	2,561

The total refundable R&DTI claimants and offsets matches those published in the ATO's Taxation Statistics 2015-16 (the source of the data).

Components may not sum to totals due to rounding.

The value of refundable offsets is not necessarily equal to the benefit received from the R&DTI, which depends on the taxable status of each company.

Table 4: R&DTI non-refundable offsets by turnover size (2015-16)

Turnover	No. claimants	Offsets (\$m)
Less than \$100 million	1,064	726
\$100 million - \$250 million	250	432
Greater than \$250 million	423	2,352
Turnover not available	13	12
Total	1,750	3,522

The total non-refundable R&DTI claimants and offsets matches those published in the ATO's Taxation Statistics 2015-16 (the source of the data).

Components may not sum to totals due to rounding.

The value of non-refundable offsets is not necessarily equal to the benefit received from the R&DTI, which depends whether the value of the offset above the company tax rate can be utilised against tax liabilities.