

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio

Inquiry into the Treasury Laws Amendment (Research and Development Tax Incentive) Bill 2019
[Provisions]

Division: Individuals and Indirect Tax Division
Topic: Compliance activities
Reference: Spoken

Question:

Senator KIM CARR: The bill contains provisions for increased compliance activities. Do you have any advice in regard to the amount of money that's been spent on compliance activities and the amount of revenue that's been raised through compliance activities in the last financial year?

Mr Fraser: I think we'll have to take that on notice. My understanding is that the budget announcement included additional funding for the regulators—

Senator KIM CARR: It did.

Mr Fraser: not this legislation, so that money has flowed through to provide extra funding to—

Senator KIM CARR: Can you provide whatever advice you have got. In terms of the activities in terms of the *Review of the R&D tax incentive*, the Carnell report, what additional measures are required there and have there been any budgetary allocations for those measures?

Mr Fraser: We will have to talk to the ATO as well as AusIndustry. I think a number of the recommendations were directed specifically to them, but I'm happy to take that on notice.

Answer:

The 2018-19 Budget measure Better Targeting the Research and Development Tax Incentive provided \$79.9 million in departmental funding over a 4-year period to the Australian Taxation Office (ATO) and the Department of Industry, Science, Energy and Resources (DISER) to improve program administration, including by undertaking additional compliance activities. Total liabilities raised by compliance activities are reported in the ATO's annual report, however total liabilities raised are reported on a heads of revenue basis, rather than program-by-program. The ATO's latest annual report can be found at: https://www.ato.gov.au/uploadedFiles/Content/CR/Downloads/Annual_report_2018-19/n0995_2018-19_Annual_Report.pdf

ASBFEO Report

The Australian Small Business and Family Entities Ombudsman report made 24 recommendations to both the ATO and the DISER. Some recommendations were made to both co-administrators, others were directed solely to the ATO or DISER.

Many of the recommendations made to the ATO related to work already being undertaken; some related to recommendations the ATO does not have the ability to implement; and the remaining recommendations have been considered by the ATO and implemented where appropriate. This work has been absorbed by current funding without additional budgetary allocations.