

Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry and Science Portfolio
Additional Estimates 2014-15
26 February 2015

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY AND SCIENCE

TOPIC: R&D Tax – Advanced Finding Applications

REFERENCE: Question on Notice (Hansard, 26 February 2015, page 110)

QUESTION No.: AI-16

Senator KIM CARR: So you keep a record not just of the company but also of the advice that you tender?

Mr Lewis: That is correct. If I may elaborate, the advance findings actually bind the tax commissioner when it comes to the company's ability to make R&D expenditure claims in respect of those particular activities.

Senator KIM CARR: So they have real force?

Mr Lewis: Yes, that is correct. They are intended to have force in order to give companies certainty of their tax position.

Senator KIM CARR: How many firms, on average, would seek advice from you? I know you cannot tell me individual companies and I am not seeking individual companies, but can you tell me how many on average?

Ms Anton: We have received 94 advanced finding applications over the life of the program.

Mr Lewis: That is from 2011 up until 31 December 2014.

Senator KIM CARR: How many of those 94 applications are undertaking R&D activities over 2015 and 2016?

Mr Lewis: I will take that on notice. It is likely to be a relatively modest number because companies have up until 30 June to make an application for activities that they may be commencing in the current year.

Senator KIM CARR: So you have not got them all in yet?

Mr Lewis: That is correct.

Senator KIM CARR: I am interested in a number of advanced findings that you have made, so they are predeterminations in effect, for activities undertaken in 2015-16.

Mr Lewis: We will take that on notice, in part because advance findings last for up to three years if the activities being determined in those advance findings run over that sort of period. It may be that some of those findings made in the past couple of years also extend into 2015-16 year....

Senator KIM CARR: No, that is right. I understand that, but you have given advance findings, possibly as many as 94 of them. How many of those would be for claims greater than \$100 million?

Mr Lewis: I cannot give you that information.

Senator KIM CARR: Are there many?

Mr Lewis: I would not imagine so.

Ms Anton: We can take that on notice.

ANSWER

Advance Findings have effect for up to three years. Of the 94 Advance Finding applications that had been determined by 31 December 2014, 28 Advance Findings had been made that will have effect in income year 2015-16.

None of the 94 Advance Finding applications that had been determined up to 31 December 2014 were for companies that registered R&D expenditure of more than \$100 million for the 2012-2013 income year.