

**Economics Legislation Committee**  
ANSWERS TO QUESTIONS ON NOTICE  
Industry, Innovation and Science Portfolio  
2015-16 Additional Budget Estimates  
11 February 2016

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**DEPARTMENT:** DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE

**TOPIC:** The Industry, Innovation and Science Deregulation

**REFERENCE:** Written Question – Senator Carr

**QUESTION No.:** AI-118

In relation to the Industry, Innovation and Science Deregulation report 2015 from Quarter 3, which lists the R&D Tax Incentive “Introducing a \$100 million expenditure threshold” as a \$1.2 billion deregulation saving. Please outline how the implementation of this measure will result in \$1.2 billion in savings that can be attributed to ‘deregulation’

**ANSWER**

The R&D Tax Incentive “Introducing a \$100 million expenditure threshold” has an estimated annual regulatory saving of \$118.3 million (not \$1.2 billion) and was implemented through changes included in the *Tax Laws Amendment (Research and Development) Act 2015*. The Act, which amends the *Income Tax Assessment Act 1997*, introduces an annual threshold of \$100 million of eligible R&D expenditure for which companies can claim a tax offset under the R&D Tax Incentive. This will limit some claims under the programme.

As the amount of regulatory cost is calculated, in part, on the costs borne by business associated with registering their R&D expenditure, a reduction in the amount of expenditure that can be registered will result in an associated reduction in regulatory cost, consistent with the requirements of the whole of government Regulation Burden Measurement (RBM) Framework.