

**Economics Legislation Committee**  
ANSWERS TO QUESTIONS ON NOTICE  
Industry Portfolio  
Budget Estimates Hearing 2014-15  
2-3 June 2014

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**AGENCY/DEPARTMENT:** DEPARTMENT OF INDUSTRY

**TOPIC:** R&D Tax Incentive

**REFERENCE:** Written Question – Senator Carr

**QUESTION No.:** BI-182

1. In relation to the R&D Tax Incentive - page 47 in Powering Ideas states that the incentive "increases certainty by uncoupling the level of R&D support from the corporate tax rate." Please outline how this would increase certainty.
2. What was the purpose of the R&D Tax Incentive Advisory Committee, which was set up as an advisory committee under Innovation Australia?
3. Is it correct to say that part of the R&D Tax Incentive Advisory Committee's role was to contribute to the two year review of the Incentive, as outlined in the AusIndustry guidance document? See [www.ausindustry.gov.au/programs/innovation-rd/RD-TaxIncentive/Guidance-and-Information/Governance-and-Corporate/Documents/GuidanceEducationAgenda.pdf](http://www.ausindustry.gov.au/programs/innovation-rd/RD-TaxIncentive/Guidance-and-Information/Governance-and-Corporate/Documents/GuidanceEducationAgenda.pdf)
  - a. Was this review completed? If not, who is currently working on the review?
4. In relation to the R&D Tax Incentive Advisory Committee, what work did the Advisory Committee complete before it was disbanded and where can members of the public see the results of this work?
5. In relation to the R&D Tax Incentive, is the Government still committed to undertaking a two year review of the program? If so:
  - a. Who is undertaking this review
  - b. Will members of the public have an opportunity to provide input
  - c. When will the review period be complete?

**ANSWER**

1. Under the R&D Tax Concession the level of benefit was dependent on the level of the company tax rate, consequently any changes in the company tax rate resulted in changes to the concession. Under the R&D Tax Incentive the rates are independent of the company tax rate, therefore the level of benefit provided remains constant, and therefore certain, regardless of changes to the company tax rate.
2. The R&D Tax Incentive Advisory Committee (TIAC) was established to monitor the implementation and operation of the R&D Tax Incentive during the transition from the previous R&D Tax Concession.
3. The R&D TIAC was established to monitor the implementation and operation of the R&D Tax Incentive during the transition from the previous R&D Tax Concession.

- a. The Government is currently considering the details for the review, noting that it wishes to examine the effectiveness of existing tax incentives and develop recommendations for improving the incentive regime for innovation and R&D investment.
4. Details of the work done by the R&D Tax Incentive Advisory Committee are available in the *Innovation Australia Annual Report 2012-13*.
5. The Government is currently considering the details for the review, and the proposed taxation white paper, noting that it wishes to examine the effectiveness of existing tax incentives and develop recommendations for improving the incentive regime for innovation and R&D investment.