

**Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
Industry and Science Portfolio  
2015-16 Budget Estimates  
4 June 2015

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**AGENCY/DEPARTMENT:** DEPARTMENT OF INDUSTRY AND SCIENCE

**TOPIC:** R&D Tax Incentive Programme

**REFERENCE:** Question on Notice (Hansard, 4 June 2015, page 51)

**QUESTION No.:** BI-49

**Senator KIM CARR:** Of course. But it is basically consistent in the last few years. What is the total amount of moneys claimed under the R&D tax concession, and what is the growth rate in the claims?

**Mr D Wilson:** As I mentioned, for 2013-14 that is still incomplete—the figure I gave you before in terms of registrations. The expenditure claimed is \$14.94 billion for that incomplete year. For the 2012-13 year, which is complete, we had 12,133 registrations and it was just over \$20½ billion. On our estimates for this 2013-14 year we would say the number of companies registering is going up about eight to 10 per cent year on year, and the amount expenditure claimed looks to be probably on par, the same as last year.

**Senator KIM CARR:** What is the growth rate in claims?

**Mr D Wilson:** As I said, for number of companies I would say it is between about eight to 10 per cent year on year. For the actual registered dollars expenditure it is an incomplete year, but our estimates would be that it is probably going to be if not the same, then roughly about the same. So there has been no growth in the expenditure of R&D, but the number of companies has gone up.

**Senator KIM CARR:** Have you done any analysis on the impact of the introduction of the \$100 million cap?

**Mr D Wilson:** In terms of analysis?

**Senator KIM CARR:** Yes.

**Mr D Wilson:** In regard to?

**Senator KIM CARR:** Introduction of the \$100 million cap. What effect will that have? You have done no analysis?

**Mr D Wilson:** That is right.

**Ms Urquhart:** Fewer than 25 groups of companies are expected to be affected by that measure, with no currently eligible companies excluded from the program. That is my understanding.

**Senator KIM CARR:** If there are 25 groups of companies affected there must be an impact. Otherwise why do it?

**Mr Hoffman:** Ms Urquhart was just confirming the anticipated scale of the effect on the number of groups of companies filing as a tax group. The actual impact is difficult, if not impossible, to identify until you get to the end of the relevant tax year for which they would have been submitting.

**Senator KIM CARR:** Mr Hoffman, what is the current Treasury estimate for the impact of that measure?

**Ms Beauchamp:** You would have to ask the Treasury about that.

**Senator KIM CARR:** You must have that figure. I was disappointed that you were not in the Senate chamber, and I have no doubt that you have read the Hansard from that. But you must have the figure on what the projected impact of that measure was.

**Ms Beauchamp:** It is a question for the Treasury. It is revenue forgone, and it is calculated at the end of each financial year. You would either have to direct that question to the Department of the Treasury, or we can take it on notice and refer it to them.

**Senator KIM CARR:** I will put it on notice: what is the projected impact of the introduction of the \$100 million cap?

**Ms Anton:** I am informed that we are seeking that figure from the Treasury, to confirm what we had understood at the time it was brought in.

**Senator KIM CARR:** You have taken it on notice. What do you think the projected impact of the reduction of the rate by 1.5 per cent would be?

**Senator Ronaldson:** I think these are more Treasury matters, I have to say. The actual financial implications are a matter for Treasury. They should be directed to Treasury.

**Senator KIM CARR:** It is a matter that is coming up before the parliament very shortly. Has the department any assessment of the effect of the 1.5 per cent reduction?

**Mr Hoffman:** In the budget papers we have the forward estimates of the budget cost of the R&D tax incentive measure. The first order is to do a straight, first order effect of changing by 1.5 per cent. That is a relatively simple arithmetic saving.

**Senator KIM CARR:** Refresh my memory. If it is so simple, what is it?

**Mr Hoffman:** It can be done relatively simply. I do not have that calculation to hand.

**CHAIR:** It is just maths.

**Mr Hoffman:** That is the point I was making. We have not done the second and third order effects at this stage. They are primarily a matter for Treasury, as the secretariat said.

**Senator Ronaldson:** We will take this all on notice. These are matters for Treasury, and we will take them on notice.

## **ANSWER**

As the Economics Legislation Committee was advised, these matters are the responsibility of the Treasury.