

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2014 - 2015

Department/Agency: Treasury

Question: BET 205-206

Topic: R&D Tax Incentive

Reference: written - 15 June 2015

Senator: Carr, Kim

Question:

205. Further to the response to Question on Notice number 354 from Additional Estimates in February 2015 regarding the R&D Tax Incentive:
- a) What analysis did Treasury undertake in relation to the Palmer United Party amendment to the Tax Laws Amendment (R&D) Bill 2013?
 - b) How did Treasury reach the conclusion that savings proposed by the Palmer United Party amendment were equal to savings proposed under the previous \$20 billion threshold measure?
206. In relation to the R&D Tax Incentive, for each year that the program has been in operation please provide:
- a) a breakdown of the total amount claimed as R&D expenditure; and
 - b) a breakdown of the amount claimed as R&D expenditure for each of the categories identified within the R&D tax schedules

Answer:

205.

- a) In the context of discussions between the Government and the Palmer United Party (PUP) concerning the PUP's amendment to the Bill, Treasury provided qualitative, quantitative and stakeholder advice to the Government on the amendments.
- b) A number of options to amend the original \$20 billion threshold measure were considered in the course of the Government's negotiations with the PUP. Using a similar methodology to the costing of the original measure, Treasury costed a range of values for a cap on the amount of eligible R&D expenditure that could be claimed under the incentive at the concessional rate. Treasury estimated that a \$100 million expenditure cap would provide a gain to revenue equivalent to the original measure within the margin of rounding.

206.

- a) According to taxation statistics 2012-13, companies claimed approximately \$16.4 billion of expenditure eligible for the R&D tax incentive. In 2011-12, companies claimed approximately \$13.4 billion of eligible expenditure; this was the first year of operation of the R&D tax incentive.
- b) Treasury does not have data containing this level of detail.