

Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry, Innovation and Science Portfolio
2016-17 Supplementary Budget Estimates
20 October 2016

DEPARTMENT: DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE

TOPIC: R&D Tax Incentive review

REFERENCE: Written Question – Senator Carr

QUESTION No.: SI-59

1. In relation to the R&D Tax Incentive review:
 - o What support did the Department provide the review panel undertaking the review?
Please outline the nature of the Department's role.
 - o Did the Department provide the panel with any recommendations for consideration as part of the review? If so, what were the Department's recommendations?
 - o Have any stakeholders raised any concerns with the Department about the conduct of the review and/or the recommendations in the review report? If so, what is the nature of these concerns, and has the Department briefed the Minister's office on these concerns?
2. In relation to the R&D Tax Incentive review report:
 - o What's the Department's assessment of recommendation 4, which bases the availability of the incentive on the proportion of business expenditure spent on R&D, rather than the type of R&D activity?
 - o If recommendation 4 were implemented, does the Department have any idea how many companies would be disqualified from the program? If so, please provide a detailed summary of this information.

ANSWER

1. (a) The department established a small taskforce to support the review panel by managing the stakeholder consultation processes, summarising submissions, undertaking research as requested by the panel, and assisting in the drafting of the review report. The taskforce included staff from the department, as well secondees from the Department of the Treasury and the Australian Taxation Office.

(b) No.

(c) The Minister for Industry, Innovation and Science, the Hon Greg Hunt MP, released the R&D Tax Incentive Review report for public consultation on 28 September 2016. The closing date for submissions was 28 October 2016. As at 20 October 2016 the department had received nine written submissions and 92 responses to an online survey and participated in a number of group discussions associated with this consultative process. Non-confidential submissions are being published on the review page on business.gov.au and express a range of opinions on the review and its recommendations.
2. The panel's recommendations were put forward as a package rather than as individual measures. The department is currently considering feedback provided into the recent consultation exercise to assist in understanding the effects of the review panel's proposals. The

department does not have access to the taxation data necessary to provide a quantitative response on this point.

As at 20 October 2016 the department had not briefed the Minister on the submissions which were due to the department at a closing date of 28 October 2016.