

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 29, 30 & 31 May 2007

Question: bet 21

Topic: Estimate of Take-up in R&D Spending

Hansard Page: E15

Senator CARR asked:

Is that another case of spurious precision?

Mr Brown—I would not say we applied spurious precision to those estimates. We published a number of \$50 million as the most representative estimate of a range of possible outcomes.

Senator CARR—Could you provide me with details of how Treasury came up with the estimate of that take-up in R&D spending and the cost to the budget?

Mr Brown—We would have to take that on notice.

Answer:

The costing is based on the level of expenditure qualifying for the 175 per cent incremental research and development (R&D) tax concession. It was then assumed that the Budget measure would increase the estimated level of incremental R&D expenditure and a range of potential response levels examined. The cost of the measure is equal to the tax value of the additional R&D tax deductions claimed by taxable companies.