

Media Release

Large Business Welcomes the Review of the Dual Administration of the R&D Tax Incentive

The Corporate Tax Association (CTA) welcomes the Government's announcement of the Board of Tax review into the dual administration of the R&D Tax Incentive as part of the wider Innovation agenda announcements contained in the Budget.

"The review of the administration of the R&D Tax Incentive is a welcome development. Coupled with the Australian National Audit Office review of the administration of the scheme, hopefully a streamlining of the roles of the Department of Industry, Innovation and Science Australia and the ATO will reduce the associated red tape with claiming and defending legitimate R&D claims," said the Executive Director of the CTA, Michelle de Niese.

The CTA recently surveyed its members on the R&D incentive. The results clearly indicated the costs of applying for and defending claims negatively impacts decisions to make claims and thus discourages R&D investment.

"The fact that taxpayers consider the costs of making and defending R&D claims is a handbrake on the use of the incentive and is a problem that needs addressing. The dual administration of the scheme is something to seriously challenge as the best model and the Board of Tax being asked to consider international best practice makes sense. Our survey shows that large corporates consider the life cycle compliance costs and the uncertainty around the administration of the incentive impacts decisions on where they undertake their R&D.

"Whilst we can always disagree on the current policy parameters, surely we can agree on how to make what we have work as efficiently and effectively as possible.

"We look forward to engaging with the Board of Tax and providing large business insights into the R&D incentive to improve its operation and reduce uncertainty. The efficient and effective administration of the incentive will deliver benefits for all Australians," said Ms de Niese.

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