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President
Professor Robin Batterham AO FREng FAA FTSE

The Business Manager
Business Tax Division
The Treasury
Langton Place
Parkes ACT 2600

30 August 2012

Dear Sir

R&D Tax Incentive: quarterly credits

The Australian Academy of Technological Sciences and Engineering (ATSE)¹ wishes to respond to your invitation to comment on the August 2012 Consultation Paper on the above matter. ATSE considers that the refundable tax offset for R&D is a very valuable policy initiative. We note that the move to quarterly credits will implement a recommendation of the 2008 Review of the National Innovation System.

ATSE supports the proposed changes in principle. We believe that the changes have the potential to provide benefits to those SMEs undertaking R&D by improving cash flows.

These benefits will only be achieved if policy remains consistent and the additional compliance costs, such as providing an outline of proposed R&D activities, are very small. In order to provide some flexibility for companies, there may need to be a provision for companies to submit an amended outline of R&D activities where these change significantly during the year.

The success of this measure will also rely on prompt quarterly payments by the Australian Tax Office. There should be a requirement on the ATO to make quarterly payments within thirty days of the end of the quarter.

The new arrangements are scheduled to commence from 1 January 2014. We would like Treasury to consider how implementation of these arrangements could be brought forward by six months to 1 July 2013.

Yours faithfully

A handwritten signature in cursive script that reads 'Robin Batterham'.

Robin Batterham
President

¹ The Australian Academy of Technological Sciences and Engineering (ATSE) is an independent body of 800 eminent Australian engineers and scientists driving technological solutions for a better Australia. ATSE was established in 1976 with the mission to promote the application of scientific and engineering knowledge to the future benefit of Australia. ATSE is one of four learned national Academies, which have complementary roles and work together both nationally and internationally.
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