



SUMMARY: R&D Tax Incentive Roundtable

Meeting	R&D Tax Incentive Roundtable		
Meeting Date	26 November 2019	Start Time: 10:00am	End Time: 12:15pm
Co-Chairs	Scott Treatt (ATO) Lorraine Chiroiu (AusBiotech)	Secretariat	DIIS
Attendees	Joanne Mulder (DIIS) Hank Sciberras (Deloitte) David Gelb (KPMG) Evan Widmonte (Rimon Advisory) Stephen Carroll (RSM Australia) Paul McMullan (Compliance Group) Robert Kringsman (Kringsman Partners) Peter Nolle (Australian Information Industry Association) Melanie Reen (Michael Johnson Associates) Sue Williamson (Law Council of Australia)		
Apologies	Alex McCauley (StartupAus) James Orr (CBG Systems) Wayne Calder (DIIS)		
Guest Speakers			

Agenda Items	Presenter(s)	Chair
1. Welcome 1.1. Action Items from July Roundtable	Joanne Mulder (DIIS) / Scott Treatt (ATO)	Lorraine Chiroiu
2. Update on State Reference Groups (SRGs) 2.1. Overview of consultation feedback	DIIS	Scott Treatt
3. R&D Tax Incentive Facts and Figures	DIIS / ATO	Lorraine Chiroiu
4. Program Updates	DIIS / ATO	Scott Treatt
5. Year in Review and the Year Ahead	Joanne Mulder (DIIS) / Scott Treatt (ATO)	Lorraine Chiroiu
6. Any outstanding items and close	Joanne Mulder (DIIS) / Scott Treatt (ATO)	Scott Treatt
Meeting Close		

Action Items	Ownership	Due Date	Status
Publish finalised Terms of Reference on R&D Tax Incentive Roundtable webpage	DIIS	August 2019	Closed
Provide feedback channels for the Guide to Interpretation, Registration Form and Record Keeping to panel members	DIIS / ATO	August 2019	Closed
Provide data on 2017/18 registration numbers in the program	DIIS	November 2019	Closed
Determine co-chair arrangements for the November Roundtable	Secretariat	November 2019	Closed
Provide an update on guidance products in development by the ATO	ATO	TBC	

1. Opening and Welcome

- Lorraine Chiroiu (AusBiotech) welcomed as the co-chair for the November Roundtable
- The RDTI Roundtable Terms of Reference have now been published on business.gov.au
- Members have provided feedback on the Guide to Interpretation, the Registration Form and on how the department and the ATO could provide additional guidance on Record Keeping in the RDTI
- Information regarding 2017/18 registration data provided in **Item 3: R&D Tax Incentive Facts and Figures**

2. Update on State Reference Groups (SRGs)

- SRGs were held in NSW, VIC, QLD, SA and WA throughout September/October
- The agenda for the SRGs followed the Roundtable agenda, providing the opportunity for attendees to discuss program priorities with the department and the ATO
- The main focus of the discussions at the SRGs were the consultation items raised at the last Roundtable. The consultation items were the DIIS registration form, the Guide to Interpretation and record keeping. The feedback received at the SRGs included:
 - Attendees supported the move to modify the registration form, in particular the option to partially complete the form and return at a later time
 - Attendees were keen to understand guidelines and best practice principles for record keeping in the program
 - The Guide to Interpretation should contain more positive examples of eligible activities
 - DIIS noted that attendees are able to nominate themselves for further consultation on record keeping.
 - The record keeping guidance may consider different modes of working (for example, Agile) and different industries
- The recent Federal Court decision on *Moreton Resources v Innovation and Science Australia* was also raised at the SRGs
- The next round of SRGs are planned to be held around February 2020

3. R&D Tax Incentive Facts and Figures

ATO/DIIS presented 2017/18 data from the R&D Tax Incentive program. Some key points of the presentation were:

- SMEs make up the vast majority of companies registering for the R&D Tax Incentive, but large companies tend to spend more
 - Approximately 80% of registrants of the total 14,231 registrants are SMEs, compared to the 20% of registrants that are large businesses. However, large businesses account for 52% of R&D expenditure under the program
- Services, Manufacturing and Mining are the top three sectors registering for the R&D Tax Incentive
 - These sectors account for nearly 92% of registrations
- Professional, Scientific and Technical Services accounts for 44.2% of registrations in the Services Sector
- The top three fields of research account for 91.0% of all R&D expenditure
 - Engineering is the highest at \$4.5bn, then Information, Computing and Communication Sciences at \$4.0bn and Medical & Health Services at \$1.2bn
- New South Wales, Victoria and Queensland account for the majority of registrations
- Panel members suggested that representation from The Treasury attend RDTI Roundtable meetings in future to obtain some clarity on how much money is spent on the program and the financial modelling that underpins it

4. Program Updates

- There has been recent important updates to the RDTI program. In particular, guides have been published on the business.gov.au website to provide applicants greater transparency on how their claim will be processed
 - These guides are the Integrity Framework, the Service Commitment and the User Journey
- DIIS noted that not all registrant's journeys will necessarily be encompassed in the User Journey diagram. It still remains that registrants are assessed on a case-by-case basis
- DIIS highlighted that registration in the program does not mean that there will be no further compliance action, nor that the activities are eligible. Rather, the User Journey illustrates the categorisation of the intent of the registrants and how this may affect their interactions with the program
- DIIS noted that there will be a greater focus on education and guidance for registrants, in particular first time registrants who may need assistance in navigating the program and understanding its requirements. This may also result in an increase in pre-registration activity
- Feedback from panel members included:
 - The User Journey is a step in the right direction to providing transparency about the program
 - There is concern that those categorised as "Getting it Right" will assume that their activities are eligible, and that no further compliance action will be undertaken

- Furthermore, there is concern that registrants categorised as “Trying to get it Right” will assume that targeted education is the only factor required for activities to be deemed eligible
- The consensus from Panel Members was that whilst the underlying principles contained in the User Journey/ Integrity Framework are apparent to the reader, some of the wording relating to steps in the User Journey need refinement
 - DIIS are willing to take this feedback on board and make refinements as required

5. Year in Review and Year Ahead

- DIIS discussed some of the key milestones for the program that happened in 2019, including:
 - Four new members of the R&D Tax Incentive Committee
 - First R&D Tax Incentive Roundtable held in March 2019
 - State Reference Groups (SRGs) were re-commenced with 80 people attending the SRGs in May/June and 101 people attending the SRGs in September/October
 - Publishing of the Integrity Framework on the business.gov.au website
 - Release of two software guidance documents (Getting software development R&D Tax Incentive claims right & Guide to common errors)
 - Refresh and updates to the business.gov.au RDTI webpages
 - RDTI Tax Incentive Workshops were held in NSW, VIC, QLD, WA, SA and TAS
 - A decision was provided by the Federal Court on Moreton Resources v Innovation and Science Australia
- DIIS also discussed some of the expectations of the program in 2020:
 - The RDTI Roundtable meetings, along with the State Reference Groups, will be continuing in 2020
 - More program workshops and information sessions; potentially in combination with company presentations
 - The continued application of the Integrity Framework
 - The release of the refreshed Guide to Interpretation
 - A new registration portal
- Panel members enquired about the status of the lapsed bill for legislative changes to the R&D Tax Incentive
 - DIIS responded that no updates could be provided at that time
- Panel members enquired about the possibility of creating a software working group.
 - DIIS responded that no such groups are planned at present

6. Any outstanding items and close

- The R&D Tax Incentive Roundtables will continue to be held in 2020
 - They are currently scheduled to be held in March, July and November
- The date of the first Roundtable will be on Tuesday 24 March 2020. The location, timing and invitee list for the March 2020 Roundtable will be determined closer to the date

Action Items	Ownership	Due Date
Reflect on the feedback received in relation to the User Journey and update communications over time	DIIS	Ongoing
Open an invitation to Treasury to attend Roundtable	DIIS/ATO	March 2020
Determine co-chair arrangements for the March Roundtable	Secretariat	March 2020

-- End of summary --