



**NATA Submission to:**

**General Manager  
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The Treasury**

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**CONSULTATION PAPER: THE NEW RESEARCH AND DEVELOPMENT TAX INCENTIVE**

The National Association of Testing Authorities, Australia, (NATA) introduced a Research and Development Accreditation Program in 2005 in response to laboratory and community expectation for greater levels of accountability in research with a laboratory testing basis. In this context, and consistent with its national and public interest role, NATA welcomes the opportunity to submit comment on the new Research and Development Tax Incentive.

As listed in 'The Case For Reform', it is intended that the new R&D tax incentive "will be more effective in delivering support for business R&D and in targeting that support to where it is most likely to produce net-benefits for the Australian community". Underpinning this is Principle 4 – Administration: Legislation for the new R&D tax incentive will provide support for the scheme's efficient and effective administration.

NATA's accreditation in the R&D environment tailors a well established peer review system for assessing laboratories to the research environment. An accredited facility undergoes peer assessment of its technical competence and research management abilities. Costs for this process are balanced by the confidence and assurance provided by ongoing peer evaluation. The spill-over of benefits and assurance to other stakeholders, predominantly Government, are significant, particularly in the context of "the scope of administrators to ensure compliance" and that "the compliance framework will be transparent, consistent and ensure timely service delivery" (No. 44, Principle 4).

Whilst there are well established review processes for ethical and financial accountability in research, NATA's R&D Accreditation Program extends the range of accountability tools available to include technical accountability and competence. This supports the Tax Incentive's intent to enable the receipt and sharing of "necessary information to monitor the operation of the (R&D) program", to focus compliance efforts and assess the validity of claims (No.46, Principle 4).

However, the new definition of eligible R&D activity, "an essential component of the new R&D tax incentive package" (No. 50, Principle 5), lists quality control (Attachment C (b)) and activities associated with complying with statutory requirements or standards... (Attachment C (l)) as exclusions from the definition of R&D activity. As such these activities and indeed accreditation under NATA's R&D Program would arguably not be claimable under the new R&D Tax Incentive, undermining and contradicting the intent of Principle 4.

NATA believes that accreditation through its R&D program should be clearly defined and thus claimable as supporting core R&D (Principle 7) and viewed as a valuable research oversight tool for Government as:

- it provides assurance of good use of taxpayer money through support of technically competent research laboratories;
- broadens the measures of accountability in research to encompass technical accountability; and
- a robust foundation in the research laboratory testing phase of work that may ultimately be commercialised.

Following from this, NATA further believes that research organisations that invest in the R&D accreditation program should be supported through the new tax incentive scheme.