

**From:** [Tony Evans](#)  
**To:** [R&D amendments](#)  
**Subject:** R & D changes - late submission  
**Date:** Wednesday, 1 August 2018 10:44:33 AM  
**Attachments:** [image003.png](#)

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Dear Sir,

Our apologies for this late submission and our comments are short and to the point.

The Government continually tinkers with this regime but never addresses the underlying problems and issues which include: -

- Only companies are eligible
- The refundable offset leads to deferred franking credits and a claw back of the concessions as the company is successful later one. This means there is only a time value for money benefit over time and no real benefit is provided. The only parties that actually benefit are the companies which are unsuccessful and never have to refund the money and this makes no economic sense whatsoever.
- Companies which obtain R & D concessions inevitably have no franking credits so the shareholders end up paying additional tax and therefore ultimately it is they which subsidises the regime.
- The current changes which will allow a higher claim where more money is spent on R & D activities only provides incentives for abuse.
- We operate under a self-assessment regime and the current incentive only causes abuses which requires more audit activity. This is pointless as it is building bureaucracy and not achieving the outcomes of a low cost targeted incentive for innovation.
- Two bodies deal with this incentive (ATO and AusIndustry / IR & D Board).

We do not have solutions to all of the problems. However, we would open the incentive to all taxpayers in the form of a refundable or non-refundable rebate (depending on the turnover of the entity) which has no impact on franking credits in companies. It should be administered by one body (the ATO).

*Regards*

*Anthony Evans*



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