



**Australian Government**

**Department of the Prime Minister and Cabinet**

Office of Best Practice Regulation

Reference: 20461

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Mr Mike Lawson  
Deputy Secretary  
Department of Industry, Innovation and Science

Dear Mr Lawson

**Regulation Impact Statement – Second-Pass Final Assessment – Better targeting the Research and Development Tax Incentive**

Thank you for submitting a Regulation Impact Statement (RIS) to the Office of Best Practice Regulation (OBPR) examining options for revising the Research and Development Tax Incentive (R&DTI) for second-pass final assessment on 6 September 2018.

The OBPR's final assessment is that the Department of Industry, Innovation and Science is compliant with the Government's requirements and that the RIS is consistent with best practice. The RIS may now be provided to the decision maker to inform a final decision.

The OBPR has agreed the average annual regulatory costs for business of the recommended option are \$25.2 million.

I note the challenges of evaluating the effectiveness of the R&DTI on achieving additionality and spillovers. However, the proposed changes to the program – and the resultant change to incentives for affected firms – present a genuine opportunity to use the data collected by the Australian Taxation Office and the Department (including via the Data Integration Partnership for Australia (DIPA)) from claimants to better assess the impact of the R&DTI on R&D spending, and thereby inform any future changes to the program.

We would appreciate you advising us when a final decision on this proposal has been announced and forwarding us a copy of the RIS in a form meeting the Government's accessibility requirements. The OBPR's reference number for this matter is 20461. If you have any further queries, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Wayne Poels', with a stylized flourish at the end.

Wayne Poels  
Executive Director  
7 September 2018