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The Secretary  
Senate Standing Committee on Economics  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

28 May 2010

Dear Sir

**Tax Laws Amendment (Research and Development) Bill 2010 and Income Tax Rates Amendment (Research and Development) Bill 2010**

Z-Filter Pty Ltd (Z-Filter) is a small to medium sized enterprise (SMEs) which is developing highly innovative large-scale filtering technology. The new R&D tax credit is critical for Z-Filter as it continues to invest heavily in the development of this world leading technology.

Access to the new R&D tax credit is essential due to a number of development, operational and market conditions, including:

- The development of Z-Filter technology requires increased and significant investment due to the development phase of the technology.
- The global financial crisis has reduced Z-Filter's (and other SMEs') access to capital via debt and equity markets, therefore the refundable R&D tax credit is absolutely vital as the lifeblood for SME undertakings innovative activities.

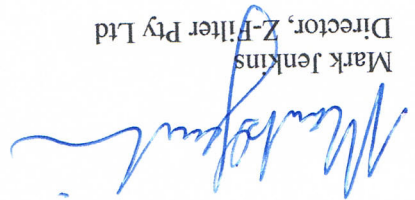
- Access to the new tax credit is a critical part of Z-Filter's planning process, and delaying the introduction of the new R&D tax credit may delay our R&D development program.

Delaying the passage of the Bill will add unnecessary levels of uncertainty which may delay efficient development of this technology.

Z-Filter completely supports the proposed R&D tax credit and a start date of 1 July 2010.

For Z-Filter to continue to develop its novel technology, access to the R&D tax credit is essential.

Yours sincerely

  
Mark Jenkins  
Director, Z-Filter Pty Ltd