

Senate Economics  
Committee

13 OCT 2014



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**Australia**

Date 9/10/2014

Senate Standing Committees on Economics  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Dear Committee,

**Submission on the Tax and Superannuation Laws Amendment (2014 Measures No. 5) Bill 2014**

It has come to our attention that the above Bill will, if passed, reduce the tax offset rates available under the research and development (R&D) tax incentive by 1.5 percentage points. As a recipient of the R&D Tax Incentive, I can assert that this will have a direct and adverse impact on our corporate activities.

R&D incentives are directly reinvested to fund our ongoing R&D activities. It is these activities that have underpinned our company's growth and development and will continue to do so in the future. We are deeply concerned that the above Bill is ill conceived and will adversely impact our ability to further our R&D and its commercialisation.

The object of the R&D Tax Incentive is, in part, to support R&D likely to produce net-benefits for the Australian community. We believe that our R&D activities meet this object in two ways; not only are we employing and benefitting the Australian community with our continued R&D efforts, but it is our R&D activities that have led to products being launched globally to the benefit of the wider Australian economy.

We question the rationale for the proposed reduction as not only is it decoupled from the proposed company tax rate reduction, we understand that it immediately precedes a tax white paper, serving to generate unwarranted confusion, uncertainty and unpredictability in the government's approach to taxation.

We strongly believe that a cornerstone objective of Australia's R&D incentive should be to encourage R&D activities within Australia in order to, amongst other things, make eligible enterprises internationally competitive. Reducing the benefit, even if temporarily, is likely to have an adverse impact on encouraging investment in R&D in Australia and negatively impact on our global competitiveness.

We hope the Committee considers seriously the impact of the proposed reduction both on companies such as ourselves, but also on the wider community that our R&D activities support and promote. We urge the Committee to recommend the rate reduction be paired with the company tax rate reduction and that further thought be given to this draft legislation before being put before the Senate.

Should you have any queries, please do not hesitate to contact me.

Yours sincerely,

Michelle Fraser  
CEO and Managing Director