



26 October 2018

Senior Standing Committee on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Email: economics.sen@aph.gov.au

To the Senate Committee

R&D Bill on Tax Incentive

I am writing to provide MYOB's views on the proposed R&D intensity framework contained in the Treasury Laws Amendment (Making Sure Multinationals Pay Their Fair Share of Tax in Australia and Other Measures) Bill 2018.

We believe the proposed R&D intensity rules provides inadequate incentive and support for Australian companies engaged in R&D. Although the Bill does provide some clarification around the intensity calculation, it does not lead to a fair outcome as it would exclude R&D performers who might fall short of the minimum intensity requirement.

If the Bill is enacted, MYOB would have to consider other options for best financial result. In late 2017, MYOB announced that we are accelerating investment over the next 2-3 years, with \$50m of investment brought forward to accelerate the development of MYOB's new online business management platform for Australia's and New Zealand's (NZ) small businesses and accounting practices.

While presently our assumption has been that the vast majority of this investment will be spent in expanding our engineering teams in Melbourne and Sydney, we have the option to shift investment in R&D activities to other locations where greater benefits could be obtained.

MYOB already employs a sizeable software development team in Auckland, currently supported by innovation grants from the NZ government. Notwithstanding NZ's proposed changes to its R&D credit regime, which will impact MYOB from March 2020, it is still more favourable than Australia's proposed R&D Bill.

I trust these views will help in finalising the Bill. Please contact Jacqueline Lim, Group Tax Manager on [REDACTED] or me on [REDACTED] if there are any questions.

Yours sincerely

Richard Moore
Chief Financial Officer