

Tabled Document No 7

QUESTION ON NOTICE

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AND RESOURCES

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Exclusions from the R&D Tax Concession

Activities which are not systematic, investigative and experimental under 73B (2) from 1986:

For the purposes of this section, the following activities are taken not to be systematic, investigative and experimental activities:

- (a) market research, market testing or market development, or sales promotion (including consumer surveys);
- (b) quality control;
- (c) prospecting, exploring or drilling for minerals or natural gas for the purpose of discovering deposits, determining more precisely the location of deposits or determining the size or quality of deposits; (NB this was modified in September 2006 to remove "petroleum")
- (d) the making of cosmetic modifications or stylistic changes to products, processes or production methods;
- (e) management studies or efficiency surveys;
- (f) research in social sciences, arts or humanities;
- (g) the making of donations;
- (h) pre-production activities such as demonstration of commercial viability, tooling-up and trial runs;

In 1996 the following activities were added to the list 73B (2C):

- (i) routine collection of information, except as part of the research and development process;
- (j) preparation for teaching;
- (k) commercial, legal and administrative aspects of patenting, licensing or other activities;
- (l) activities associated with complying with statutory requirements or standards, such as the maintenance of national standards, the calibration of secondary standards and routine testing and analysis of materials, components, products, processes, soils, atmospheres and other things;
- (m) specialised routine medical care;
- (n) any activity related to the reproduction of a commercial product or process by a physical examination of an existing system or from plans, blueprints, detailed specifications or publicly available information.

Multiple sale of computer software

Separately from the exclusions Subsection 73B(2A) provides from 1988 to exclude the development of computer software as systematic, investigative and experimental activities unless it is developed for the purpose or purposes of sale, rent, licence, hire or lease to 2 or more non-associates of the company.