

## Media Coverage

**Company:** AusBiotech  
**Date:** 16 June 2011  
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### Greens support gives small business tax incentive on research, development

Andrew Main



Senator Kim Carr, Federal Minister for Innovation, Industry, Science and Research. Picture: Ray Strange *Source:* The Australian

#### **THE Greens decision to change their stance and support the federal government's long-planned tax incentive means small companies will be able to claim a research and development tax credit from July 1.**

This is despite the fact that the measure will not be debated until after that date - because as of July 1 the Greens will control the Senate.

A joint statement issued yesterday by Treasurer Wayne Swan and Innovation Minister Kim Carr made it clear that the measure, which they value at \$1.8 billion, is now certain to become law after having been originally flagged in May 2009.

Although it passed the House of Representatives, it had been rejected by the Coalition in the Senate, and until yesterday could not get any further because of opposition by independent Nick Xenophon and Family First's Steve Fielding to some elements in the legislation.

The two ministers said yesterday that the new measure "will deliver a 45 per cent refundable tax credit to companies with an aggregated turnover of less than \$20 million and a 40 per cent non-refundable offset to others".

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Yasser El-Ansary, tax counsel at the Institute of Chartered Accountants, said yesterday that "what this is really about is providing an incentive to smaller businesses to invest in R&D" when otherwise they might not.

"The R&D tax concession has been providing a leg up to bigger companies that are already investing in R&D for commercial reasons anyway."

He said the new measure would be particularly popular with venture capital companies and biotechs. Indeed, AusBiotech, the industry lobby group, gave the new move a positive reception within minutes of it being announced.

CEO Anna Lavelle said: "The biggest winners from the tax credit will be those companies in the early stages with turnover of less than \$20 million with no commercial production yet, which are able to cash out the refundable credit if in tax loss."

She said it would also benefit large innovation companies by reducing the cost of conducting eligible R&D activities in Australia by up to 10 per cent.

The Treasurer's statement said the government would introduce quarterly payments for small and medium businesses from January 1, 2014. That follows amendments to the legislation proposed by the Greens in response to submissions from small companies.

"These firms will get their credit sooner, significantly improving their cash flow," said the Treasurer's statement.