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New R&D Tax Credit Provides Cheer for Australian Biotech Sector

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Australia's biotechnology industry association **AusBiotech** has reacted positively to the passing of the research and development (R&D) tax credit by the Australian Senate. According to **AusBiotech**, the new tax incentive will deliver a major boost for innovative biotech companies, in particular for smaller ones. **AusBiotech**'s chief executive officer Doctor Anna Lavelle described the development as "the most significant positive news that the industry has had for a number of years", and explained, "A biotechnology company's R&D programme is its fundamental reason for being, and the Tax Credit therefore speaks to its core business activities—the production of intellectual property—which ultimately flows on to new treatments, diagnostics and other life-changing and saving solutions for the community".

Significance: **AusBiotech** had been campaigning for the implementation of the new tax credit since it was originally proposed in 2008, and had produced 11 case studies to demonstrate how it would have a positive effect on R&D in Australia. The tax credit, which replaces the previous R&D tax concession, provides R&D companies that have an annual turnover of less than 20 million Australian dollars (USD21.4 million) with a 45% refundable tax offset, while other R&D companies are entitled to a non-refundable 40% tax offset. In addition to Australian companies, foreign companies that conduct R&D activities in Australia will also qualify for the new tax credits, provided that certain conditions are fulfilled.