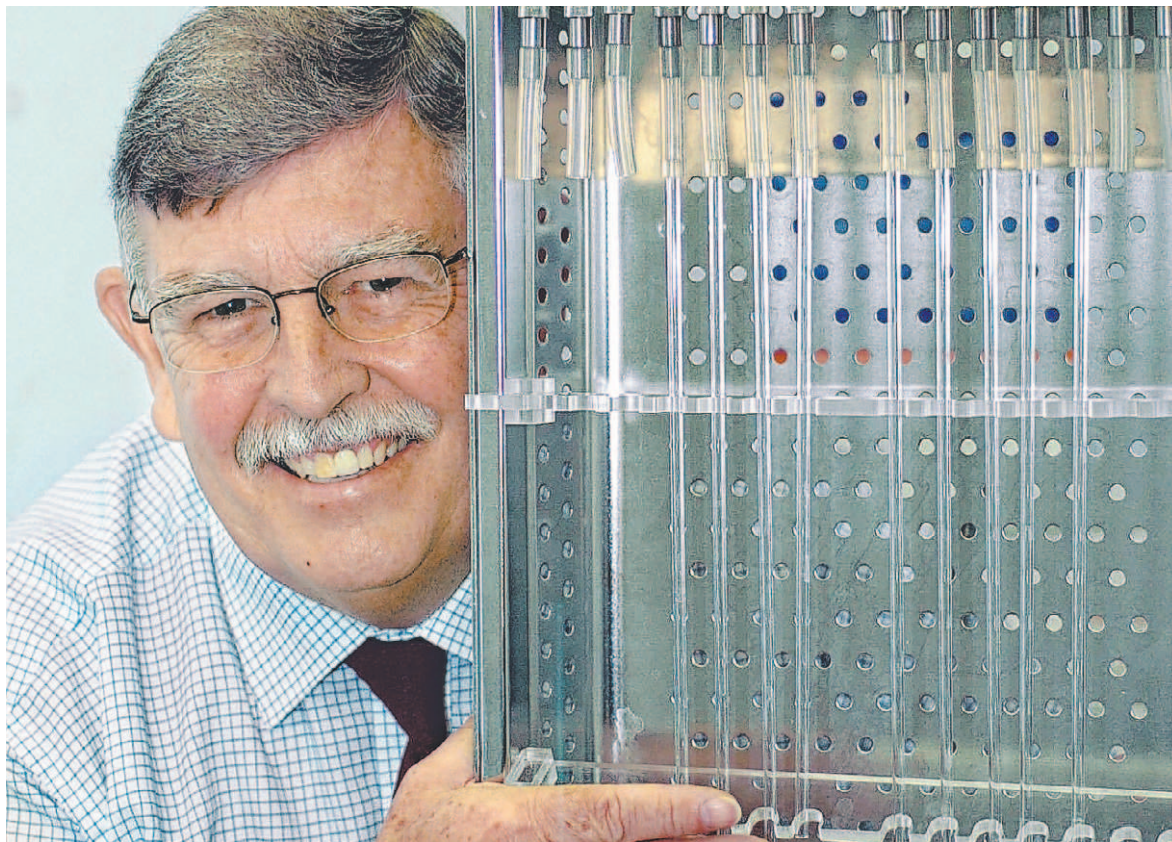


Tax credits to boost biotech



PLEASED: Soniclean managing director says the tax credit will be more helpful to smaller companies.

JULIAN SWALLOW

A NEW research and development tax incentive will boost the biotechnology sector and benefit the community through the development of better treatments and diagnostics, AusBiotech says.

Chief executive Dr Anna Lavelle said the tax credit, which includes a 45 per cent refundable component, will reduce the cost of eligible research and development activities in Australia by up to 10 per cent.

Dr Lavelle said the reform would make Australia more competitive for biomedical and pharmaceutical research and development.

"For small biotech companies it's going to mean a significant difference to their research and development programs and inject substantial new funds into the industry and that will stimulate new investment," she said.

"A biotechnology company's research and development program is its fundamental reason for being, and the tax credit 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."

The tax credit replaces the previous tax concession, which allowed companies to claim back losses incurred on

research and development. It also will provide for quarterly payments of cash refunds from January 1, 2014.

PriceWaterhouseCoopers's national research and development partner Sandra Mason said companies needed to be aware of several changes.

"We recommend all companies determine what additional documentation will be required under the new program and revise processes to capture research and development information in real-time," she said.

"This will ensure they fully benefit now and when the quarterly payments become available."

Ms Mason said the definition of eligible activities had changed, with research and development activities separated into "core" and "supporting". She said biotechnology companies also would have an increased ability to claim overseas activities. That was important given Australian limitations on conducting certain activities.

Managing director of Thebarton-based medical cleaning firm Soniclean, Julian Smith, said the tax credit would make "a big difference" to smaller biotech firms as it gave fully-refundable offsets for those with less than \$5 million turnover, and cut paperwork.

Quarterly payments would help ensure ongoing cash flow that might be directed to research and development. "It's more helpful to the smaller companies," Mr Smith said.



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