



## **Media release**

23 August 2011

### **AusBiotech celebrates as R&D Tax Credit becomes reality**

AusBiotech and the biotechnology community have welcomed the news that the much-needed Research & Development (R&D) Tax Credit has become a reality today after passing its final hurdle in the Australian Senate.

AusBiotech's CEO, Dr Anna Lavelle, in celebrating the news said: "This is a momentous day for innovation in Australia and the most significant positive news that the industry has had for a number of years."

The new tax incentive will deliver a major boost for innovative biotechnology companies and spill-over benefits for the community from biotechnologies.

"For small biotech companies it's going to mean significant difference to their R&D programs and inject substantial new funds into the industry and that will stimulate new investment," said Dr Lavelle.

"A biotechnology company's R&D program 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."

AusBiotech has been a passionate advocate on behalf of its membership for the move to a tax credit since its recommendation by Dr Terry Cutler in the Innovation Review of 2008. Since the announcement of the policy in 2009, AusBiotech has made four substantive submissions on the R&D Tax Credit and produced 11 case studies on how the incentive will benefit R&D in Australia, after extensive consultations with members.

An announcement in July brought the news that a crossbench agreement would see the Tax Credit legislation's passage assured and be effective from 1 July 2011. Today's sitting of the Senate concluded the second reading debate and the bills now progress to Royal Assent to officially become law.

The Tax Credit now replaces the R&D Tax Concession to provide a more meaningful incentive and "landmark reform" for R&D in Australia.

Start-up innovation companies, especially biotechnology companies trading in loss, will sit in the sweet spot and will be the biggest beneficiaries from the Tax Credit's 45% refundable component, and the legislation will also benefit large innovative companies by reducing the cost of



conducting eligible R&D activities in Australia by up to 10%, making Australia a more competitive location for conducting biomedical and pharmaceutical R&D and clinical trials.

Dr Lavelle also welcomed news that an amendment to the Tax Credit program passed today will provide quarterly payments of cash refunds, instead of annual payments, from 1 January 2014.

AusBiotech's advocacy for payments on a quarterly basis, was supported by the Greens, to assist companies manage cash flow. A survey conducted by AusBiotech as part of a series of tax credit briefings in July 2009, indicated the timing of the receipt of payments (i.e. quarterly or annually) will be a critical factor in its value as an incentive for additional R&D activities.

**ENDS**

For comment or an interview with Dr Lavelle, please contact Lorraine Chiroiu, AusBiotech's Communications Manager on. 03 9828 1414 / 0429 801 118 or at [lchiroiu@ausbiotech.org](mailto:lchiroiu@ausbiotech.org)

**About AusBiotech**

AusBiotech is Australia's voice on biotechnology, and represents more than 3,000 members, encompassing medicines, medical diagnostics and devices, agriculture, alternative fuels and climate change.