



Australian Government

**Department of Industry, Innovation,
Climate Change, Science, Research
and Tertiary Education**

Innovation Australia

The Hon David Bradbury MP
The Assistant Treasurer
C/- the General Manager
Small Business Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600

Industry House, 10 Binara Street
CANBERRA CITY ACT 2601
GPO Box 9839
Canberra ACT 2601 Australia
Phone: +61 2 6213 7400
Fax: +61 2 6213 7677
Email: InnovationAustralia@Innovation.gov.au
Web: www.ausindustry.gov.au
ABN: 74 599 608 295

Dear Minister Bradbury,

Innovation Australia welcomes the opportunity to provide comments to the Australian Government on the Research and Development (R&D) Tax Incentive: Targeting Access.

Innovation Australia is an independent statutory body established to administer and oversight the Australian Government's industry innovation and venture capital programs delivered by the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education (the Department). For the past 26 years, the Board has advised the Australian Government on industry innovation matters including the R&D Tax Incentive.

The Board has considered the draft legislation to target access to the R&D Tax incentive which you released on 7 May 2013 as well as the release on 17 February 2013, when the Australian Government announced changes to remove access to the R&D tax incentive to very large companies. We note that the measure will add a third eligibility tier to the R&D tax incentive whereby companies with annual aggregate Australian assessable income of \$20 billion or more will no longer be eligible to access the 40 per cent non-refundable tax offset.

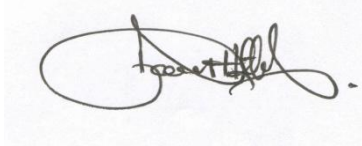
Innovation Australia respects the decisions that the Australian Government has to make in prioritising resources and welcomes the initiatives contained in the Industry and Innovation Statement. We recommend that no further changes are made to the R&D Tax Incentive – business needs certainty in order to plan and conduct research and development.

The Australian Government has committed to a review after 2 full years of operation of the new Incentive – this will be the time to ascertain if the program is achieving its objectives and consider further changes as necessary.

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The Board and its Committees have worked closely with the Department and provided considerable input into the design of Quarterly Credits and we strongly support the draft legislation and its introduction in 2014 to assist business cash flow.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Miles', is centered on a light gray rectangular background.

David Miles
Chairman
Innovation Australia
20 May 2013