



Medical Technology  
Association of Australia



*MTAA comments on the R&D Tax Incentive:  
quarterly credits consultation paper  
August 2012*

MEDICAL TECHNOLOGY FOR A HEALTHIER AUSTRALIA

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## Introduction

The Medical Technology Association of Australia (MTAA) represents the manufacturers, exporters and suppliers of medical technology products in Australia. Medical technologies are products used in the diagnosis, prevention, treatment and management of disease and disability. Products range from commonplace, everyday consumable items such as bandages and syringes, to high technology implantable devices such as cochlear implants, cardiac defibrillators and orthopaedic joints, pacemakers and diagnostic imaging equipment. Medical technology saves and improves lives by detecting diseases earlier and by providing more effective treatment options for patients and the healthcare system.

MTAA is pleased to have the opportunity to make a brief contribution to the consultation paper on the Australian Government's proposed arrangements for implementing quarterly credits under the R&D Tax Incentive.

## Research and Development

The medical technology industry is a highly innovative sector that invests heavily in research and development (R&D). The annual spend for R&D in 2009-10, including biotechnology, nanotechnology and biomedical engineering was \$194 million, a significant decrease from the previous year at \$388 million<sup>1</sup>.

MTAA has developed an industry white paper, *Building a Sustainable Medical Technology Industry*, as a road map for government and industry to work together more strategically to establish a more supportive business environment for the sector. In this paper MTAA recognises the Australian Government's Research and Development Tax Incentive scheme provides encouragement for companies to invest in product development in Australia. The paper calls on the government to develop a range of additional policy measures to foster growth in the medical technology industry.

By way of background, an entire section of the white paper highlights the need for government to develop policies and strategies to support small and emerging medical technology companies, in particular through measures to improve access to finance which is one of the greatest challenges for emerging companies in the medical technology industry.

In this context MTAA is supportive of proposed arrangements to introduce R&D quarterly credits as an opt-in element of the R&D Tax Incentive initiative available to eligible companies with an annual aggregated turnover of less than \$20 million. MTAA agrees quarterly credits will allow these companies to access their benefits sooner thereby improving cash flow which is a significant challenge for many of them and will also offer further incentives to invest in R&D.

MTAA considers the proposed arrangements for quarterly credits are workable and that the most useful feature of the proposal is likely to be improved cash flow for small and medium companies. MTAA recommends the Australian Government provide comprehensive guidance material to our industry association closer to the introductory date of 1 January 2014 to ensure our member companies are kept informed of the process to opt in to access quarterly credits and for industry to receive maximum benefits of the proposal.

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<sup>1</sup> ABS. Research and experimental development, businesses Australia, 2009-10. 81040DO007\_200910.