



Ross Cosmetics Aust. Pty. Ltd.

General Manager
Business Tax Division
The Treasury
Lagton Crescent
Parkes, ACT 2600

4th February, 2010

Dear Sir,

RE: Proposed changes to the research & development tax concession

We have reviewed the proposed changes to the research & development tax concession and wish to express our concern with the proposal in its current form. Should the proposed changes be implemented they would have a major adverse impact on our business.

There are already huge pressures on the Australian manufacturing sector and the proposed changes will exacerbate these. Australia has experienced a long term decline in the manufacturing sector and it is our belief that these changes will only increase this rate of decline, forcing the sector to continue its move offshore.

We read the article in the Financial Review, on the 1st February, with great interest and concur with their views that the proposed changes create dire consequences for continued research & development and ultimately the well being of the Australian industry.

Specifically we are strongly opposed to the following main changes outlined within the proposal:

1. The introduction of a new definition of eligible research & development activities
2. The application of feedstock rules in their application to all prototype expenditure.

The proposed changes seem to fly in the face of any commitment and support for innovation in local industry and we can see no foresight in the proposals as they stand.

I would be pleased to discuss our position in more detail should you feel this is necessary.

Yours sincerely,
ROSS COSMETICS AUST. PTY LTD



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