



January 21, 2010

General Manager  
Business Tax Division  
The Treasury  
Langton Crescent  
Parkes ACT 2600

Re: THE NEW RESEARCH & DEVELOPMENT ("R&D") INCENTIVE – THE R&D TAX CREDIT

Dear Sir,

We refer to the above and the changes to the scheme which are proposed to take effect from 1 July 2010 and believe some of these changes will financially negatively effect SOS Marine.

SOS Marine has been established for over 25 years supplying Marine Safety Equipment to Dept of Defence in Australia, as well as other Navies around the world. During that time, SOS Marine is continuing to up-date and improve our safety products to comply with and exceed the requirements of our clients specifications. As well as improving and up-dating our existing Marine Safety Products, we are continuing to access new markets, which require a new specialised safety product to suit their specifications. These processes involve a lot of time spent in research and development.

We believe that SOS Marine will be financially effected by the combined effect of exclusions – examples as follows:

- (k) Not being able to claim administrative activities leading to a patent
- (k) Testing to ensure compliance with an Australian standard
- (h) Trials that could be considered as pre-production activities

also

- Change of definition of R&D to require "considerable" novelty and a high degree of technical risk.
- Exclusion of supporting activities which will not allow us to claim proportion of business over-heads or activities, which are not for the "dominant" purpose of conducting R&D.

We therefore request that consideration be given to our request and the proposed changes will not be introduced on July 1, 2010.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ross Spencer'.

Ross Spencer  
Director



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