

30th July 2018

Manager  
Small Business Entities & Industry Concessions Unit  
The Treasury  
Langton Crescent  
PARKES ACT 2600

I am writing in response to the consultation on Research & Development Tax Incentive Amendments as our business, Bluechiip Ltd, is a recipient of the R&D tax refund.

I commend the Australian Government for the ongoing support of R&D and the support of Innovation in Australia, which is critical to our long-term productivity.

For Bluechiip Ltd the R&D tax incentive refund is an important and essential element of our continued R&D investment which both aids in additional activities and our speed to market. We are in the early stages of Commercialisation after many years of technology investment, with turnover less than \$20m and investment of over \$2m per annum in R&D for our ground breaking technology. I attach a link to our “customer story” on the Business.gov website and highlight we have subsequently added 3.5 full time equivalents in the last year. <https://www.business.gov.au/Assistance/Research-and-Development-Tax-Incentive/Customer-stories/Bluechiip>

The proposed changes to the R&D tax refund offers Bluechiip several challenges. Firstly the continual changes in the R&D Tax program impact our planning especially as we are at an early stage of Commercialisation and managing and raising cash is especially important. Secondly the change from 43.5% to 41% refund, previously 45%, has a significant impact on Bluechiip, with R&D spend of over \$2m per year, this change is the difference between employing another staff member and has the potential to cause delays in delivery of R&D projects.

Best Regards

Andrew McLellan  
Managing Director