

ADIA Policy Statement –

Policy	B3 – Australian Government Finances (R&D Tax Concessions)
Statement	Tax treatment of investment by business in research and development (R&D) activities should be sufficient to increase R&D investment and foster commercialisation. R&D programs need to ensure that eligibility criteria and the complexity of rules do not dissuade uptake or overall utility for business.
Principle/s	R&D investment by business is essential if Australia is to achieve ongoing improvements in living standards and quality of life that is underpinned by sales, within Australia and overseas, of Australian designed and / or manufactured products.
Background	<ul style="list-style-type: none"> • The R&D tax concession was first introduced in 1985 at a rate of 150% to encourage business investment in R&D via a range of tax concessions. Broadly speaking, the purposes of these tax concessions aim to reduce the cost and risk of undertaking R&D activities for business. The benefit helps companies doing eligible work to create new or improved products, processes and services by reducing their tax. • The R&D tax concession was subsequently amended in 1987 and the scheme underwent major reform in 1996 when the rate of deduction was cut from 150% to 125% of eligible expenditure and the scope of eligible expenditure revised. • The R&D Tax Concession was replaced on 1 July 2011 by the R&D Tax Incentive that provides a more generous incentive but is limited by tighter definitions of R&D. • R&D in the dental product (and broader medical technology) area has proven itself to be a long-term business proposition, often taking more than a decade from concept to commercialisation. In that context, business needs certainty over the tax treatment of R&D investment thus changes to the system should be avoided where they reduce the returns to business.
Framework Documents	<ul style="list-style-type: none"> ▪ ADIA Advocacy Agenda ▪ ADIA Stakeholder Engagement Strategy
Engagement & Advocacy Partner/s	<ul style="list-style-type: none"> ▪ <u>Internal:</u> ADIA—BAC Business Affairs Committee ▪ <u>External:</u> ACCI Australian Chamber of Commerce & Industry
Currency	ADIA-BAC Endorsement: 9/2/2015 ADIA Board Approval: 18/2/2015 (Reference 1.9.1)



Australian Dental Industry Association Limited
ABN 32 003 314 396

National Office: GPO Box 960, Sydney, NSW, 2001
Government Affairs: GPO Box 1, Canberra, ACT, 2601

e: national.office@adia.org.au www.adia.org.au
t: 1300 943 094 f: 1300 943 794