

Our Ref SD.nod

Contact Sarah Donovan



19 April 2010

Cardno Limited

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Dear Sir/Madam,

**RE: CARDNO LIMITED
RESEARCH AND DEVELOPMENT SECOND EXPOSURE DRAFT**

Cardno Limited (Cardno) is pleased to again have the opportunity to provide comments in relation to the second Research and Development (R&D) exposure draft legislation and associated Explanatory Memorandum (EM).

We refer to our comments made in our original submission of 5 February 2010 and note that the R&D tax incentive has underpinned Cardno's growth to the internationally competitive multinational corporation it is today.

Cardno commends the Government for clarifying the definition of Core and Supporting R&D as well as the removal of the augmented feedstock provisions.

Cardno believes the legislation in its current form supports the Governments stated objective of:

- 1) tightening the eligibility criteria for R&D tax incentives to maintain revenue neutrality; and
- 2) improving predictability and reducing complexity of the program.

Cardno strongly supports the need for the R&D regime to better target those industries which will be incentivised to promote innovation in Australia through a tightening of the R&D eligibility criteria.

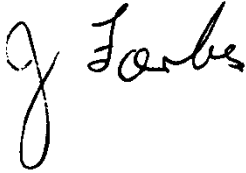
Cardno would also seek to maintain an open dialogue and the opportunity to raise any issues with the Government and Treasury after 1 July 2010 where application and interpretation of the legislation is found not to support the stated objectives.

We note for example that the Government has highlighted certain parts of the legislation which are still to be redrafted, albeit with no stated change to the policy intent of the law in its current form.

We welcome the opportunity to engage with the Government and Treasury should the re-draft result in any technical uncertainty.

Should you have any queries in relation to the above, please do not hesitate to contact our Group Tax Manager, Sarah Donovan on (07) 3139 2954.

Regards



Jeff Forbes
Public Officer
for **Cardno Limited**