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Dear Sir,

Response to Consultation Paper on R&D Tax Incentive: Quarterly Credits

AVCAL appreciates the opportunity to respond to the Consultation Paper on *R&D Tax Incentive: Quarterly Credits*.

AVCAL believes the R&D quarterly credits are an essential component of the R&D Tax Incentive. Its successful implementation is very important element in backing innovation in Australian early stage companies, as it will provide significant benefits to the cash flow of companies involved in innovation. It is therefore vital that the R&D quarterly credits are implemented in an efficient, consistent and predictable manner.

In response to the questions posed in the Consultation Paper, AVCAL's responses to Questions 1 and 2 are below:

Question 1: Are the proposed arrangements for quarterly credits workable? What features are most useful? Are there any features that are problematic? How might the arrangements be improved while appropriately managing risks to companies and the Commonwealth?

Timeliness. The proposed arrangements appear workable. The key issues for VC investee companies are that the program is properly resourced and is able to be efficiently complied with. Innovation Australia needs to ensure that the team that makes the advanced determinations for a R&D tax credit and the approval process is fully resourced and can efficiently provide a determination.

Once a determination is made and a quarterly credits notification number is issued, the number will need to be promptly communicated with the ATO to ensure there is no time lag in the ability of the company to claim the credit.

Lodgement. The consultation paper does not state how the quarterly credit is claimed, e.g. whether it is via the existing Instalment Activity Statement (IAS) or through a new form that needs to be lodged. Incorporating the claim for quarterly credits in the IAS would reduce the



