



21 January 2010

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

Dear Sir/Madam

Tax Laws Amendment (Research and Development) Bill 2010 - Exposure Draft

The Australian Solar Institute (ASI) would like to make a brief submission in relation to the Exposure Draft of the Tax Laws Amendment (Research and Development) Bill 2010 (Exposure Draft).

ASI does not seek to comment on the substantive provisions of the Exposure Draft, but wishes to comment on an aspect of the Exposure Draft which may produce a potentially unintended consequence.

Part 5, Item 41 of the Exposure Draft proposes the repeal of section 73A to 73Z of the Income Tax Assessment Act 1936. Those provisions substantively deal with research and development and are to be replaced. However, section 73A also serves another purpose, as a result of the operation of Item 3.1.1 of the table in section 30-40(1) of the Income Tax Assessment Act 1997. That item provides that a university, college, institute, association, or organisation which is an approved research institute for the purposes of section 73A, may be the recipient of tax deductible gifts.

If section 73A is deleted, and not replaced, then those entities which are presently able to receive deductible gifts as a result of Item 3.1.1 will not be longer be able to receive such gifts.

This outcome is not mentioned in paragraph 3.159 of the Explanatory Memorandum to the Exposure Draft, which mentions the deletion of section 73A, and we suggest that it may be an unintended consequence.

ASI therefore submits that the provisions of section 73A which allow for the approval of approved research institutes either be retained in their present form, or re-inserted in section 30-40, so that approved research institutes do not lose their gift deductible status.

We would be happy to discuss this submission with you.

Yours sincerely,



Eric Lemon
Finance Manager
Australian Solar Institute Limited