



Biotech Daily

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Daily news on ASX-listed biotechnology companies

2016 Budget Special Edition

- * **NO OBVIOUS CHANGES TO BIOTECH, INNOVATION**
- * **45% R&D TAX INCENTIVE – APPARENTLY UNCHANGED**
- * **NHMRC, ARC GRANTS – UNDISCLOSED**
- * **SMALL TO MEDIUM BUSINESS TAX CUTS**
- * **POTENTIAL CUTS TO ENTREPRENEURS, CRC PROGRAMS**

Federal Treasurer Scott Morrison says the 2016-'17 budget is “a 10-year enterprise tax plan to support jobs and growth” but with apparently no measures for innovation.

Mr Morrison said that small and medium businesses were “driving jobs growth in Australia and must continue to do so” and introduced a long term tax reduction program with the small business tax rate lowered to 27.5 percent and the turnover threshold for small businesses able to access it to be increased from \$2 million to \$10 million from July 1, 2016, along with an extension to the instant write-off for equipment purchases of up to \$20,000 to businesses with a turnover of less than \$10 million, expiring on June 30, 2017.

“Each year we will continue to step-up the turnover threshold for access to the lower company tax rate of 27.5 percent for more businesses, from \$10 million to \$25 million in 2017-'18, to \$50 million in 2018-'19 and \$100 million in 2019-'20,” Mr Morrison said.

“Phase two of our 10-year enterprise tax plan will extend the lower tax rate of 27.5 percent to all businesses, by continuing to step up the threshold each year until 2023-'24, before reducing the 27.5 percent rate for all businesses to 25 percent at the end of 10 years in 2026-'27,” Mr Morrison said.

There was no mention of biotechnology nor the Federal Government's R&D Tax Incentive in Mr Morrison's Budget speech, nor in the Budget papers published on the raft of Government websites.

Biotech Daily called Treasury and the Departments of Finance, Innovation and Health but none were able to confirm the status of the 45 percent Tax Incentive.

In the absence of any information, it appears to have been left alone, this year.

In one of the Budget papers referring to the Department of Industry, Innovation and Science, the Government said it would “achieve savings of \$20.2 million over two years from 2015-’16 ... to extend funding for the Australian Astronomical Observatory and partially fund a communications and compliance campaign for the new Country of Origin Labelling framework [and] the efficiencies will come from the communications campaign for the National Innovation and Science Agenda package, the Entrepreneurs’ Program and the Cooperative Research Centres program”.

“Harnessing the power of innovation and entrepreneurship, to create our own ideas boom, lies at the heart of our plan to support jobs and growth in a stronger new economy,” Mr Morrison said.

“As part of our national innovation and science agenda we are backing co-investment in new spin-offs and starts-ups created by Australia's research institutions, through the CSIRO,” Mr Morrison said.

“We are also expanding the CSIRO's accelerator program to support public research bodies get up to speed and achieve commercial success,” Mr Morrison said.

“Reforms to employee share schemes and crowd-sourced equity funding will make it easier for start-ups to raise capital and our changes to company tax loss arrangements will make it easier for existing businesses to reinvent themselves,” Mr Morrison said.

According to Finance Department documents, the proposed \$20 billion Medical Research Future Fund had “estimated actual” funds of \$3,154,337,000 in 2015-’16, estimated to rise to \$4,662,955,000 in 2016-’17 and \$18,971,938,000 by 2019-’20.

The Minister for Health Sussan Ley said in a media release that the MRFF was “a critical commitment to medical research and innovation”.

“The MRFF’s newly-appointed board will this year develop national medical research priorities to guide where future funds will be allocated,” Ms Ley said.

The Minister for Industry, Innovation and Science Christopher Pyne said the Budget would “commit vital funding to support science in action which will in turn support Australia’s successfully transitioning economy”.

After commitments to the National Carp Control Plan and funding for the Australian Nuclear Science and Technology Organisation to ensure nuclear waste disposal, Mr Pyne said the Government was making “strong progress towards implementing the \$1.1 billion National Innovation and Science Agenda ... [to] support a culture of ideas and innovation to encourage commercialisation, reward enterprise and facilitate investment.

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