THE SENATE

BILLS

Tax Laws Amendment (Tax Incentives for Innovation) Bill 2016

Second Reading

SPEECH

Wednesday, 4 May 2016

BY AUTHORITY OF THE SENATE
Senator FIFIELD (Victoria—Manager of Government Business in the Senate, Minister for Communications and Minister for the Arts) (09:43): I thank Senator McKim for his contribution to the debate. The measures in the Tax Laws Amendment (Tax Incentives for Innovation) Bill 2016 will help encourage innovation, risk-taking and an entrepreneurial culture in Australia. The government is delivering on two commitments that form part of the National Innovation and Science Agenda.

The measure for tax incentives for early-stage investors will support investment in these early stages by attracting investors who can offer funding and business expertise that will assist with the development and commercialisation of innovative ideas. The tax incentives for eligible investors include a 20 per cent carry-forward, non-refundable offset on investments capped at $200,000 a year. There will also be a 10-year exemption on capital gains tax for investments held in the form of shares in the early-stage innovation company for at least 12 months, provided that the shares held do not constitute more than a 30 per cent interest in the early-stage innovation company.

The bill also provides tax incentives for funding provided through venture capital limited partnerships, including early-stage venture capital limited partnerships to attract investments at the growth stage of development. We are also introducing new arrangements for venture capital limited partnerships and early-stage venture capital limited partnerships. Notably, there will be a non-refundable tax offset of 10 per cent of the value of new capital invested into early-stage venture capital limited partnerships during the incoming year and an increase in the maximum fund size, of early-stage venture capital limited partnerships, from $100 million to $200 million. The tax incentives will apply for the 2016-17 incoming year, once the bill receives royal assent.

We are setting up an environment to reward our innovators and entrepreneurs who have the concepts and ideas to benefit jobs and growth. This is another example of how this government is acting to support the positive transition in our economy from the mining boom to the ideas boom. I commend the bill to my colleagues.

Question agreed to.

Bill read a second time.