THE SENATE

BILLS

Tax Laws Amendment (Tax Incentives for Innovation) Bill 2016

In Committee

SPEECH

Wednesday, 4 May 2016

BY AUTHORITY OF THE SENATE
Senator McKIM (Tasmania) (09:46): by leave—I move:

(1) Schedule 1, item 1, page 9 (lines 10 to 25), omit paragraph 360-40(1)(e), substitute:

(e) at the test time:

(i) the company has at least 100 points under section 360-45;

or

(ii) all of the following apply to the company:

(A) the company is genuinely focussed on developing for commercialisation one or more new, or significantly improved, products, processes, services or marketing or organisational methods;

(B) the business relating to those products, processes, services or methods has a high growth potential;

(C) the company can demonstrate that it has the potential to be able to successfully scale that business;

(D) the company can demonstrate that it has the potential to be able to address a broader than local market, including global markets, through that business;

(E) the company can demonstrate that it has the potential to be able to have competitive advantages for that business; or

(iii) all of the following apply to the company:

(A) the company can demonstrate that it has an economic, social, cultural or environmental mission that is consistent with a public or community benefit;

(B) the company reinvests the majority of the profit it makes to fulfil that mission.

(2) Schedule 1, item 1, page 9 (line 29), omit "Subparagraphs (1)(e)(i) to (v)", substitute "Subparagraphs (1)(e)(ii)(A) to (E)".

I will give a very brief explanation. As I indicated and as the minister has indicated in the second reading, the bill currently proposes two limbs of tests, the early-stage limb and the innovation limb. We are proposing a third limb, the social innovation limb. Just for clarity, this would mean that should this amendment be accepted a company would still need to satisfy the early-stage limb, but it could qualify for the tax incentives contained in this legislation if it satisfied the early-stage limb and the social innovation limb.

The social innovation limb the Greens are proposing makes it clear that if the company can demonstrate it has a social, economic, cultural or environmental mission that is consistent with a public or community benefit and that the company can demonstrate that it will reinvest the majority of the profit it makes to fulfil that mission, the company would qualify for the Greens proposed social innovation limb. I do commend the amendments to the chamber.