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COMPROMISE ON R&D INCENTIVES

Statement by Alex Malley, chief executive of CPA Australia

CPA Australia's chief executive, Alex Malley today called on the Government to stay focused on promoting and supporting innovation, despite a cutback on R&D concessions.

"The decision in the Senate to cap the R&D tax concession at \$100 million is better than the original proposal, but making it retrospective is a real concern and sends a clear signal that Australia may not be the best place for companies to invest when it comes to their hard earned innovation and research dollars," Mr Malley said.

"Yes, the change delivers a short-term benefit for the budget, but I worry that reducing the incentive for companies to engage in research and development will be more harmful in the longer term.

"We all know that Australia is pivoting to a knowledge-based economy, but we should also consider that our future revenue lines will largely come from our ability to be innovative.

"In a globalised world where international competition is fierce for attracting research investment, this outcome may well encourage our big R&D focused firms to look at their international options.

"These firms will know very well that the UK government has recently increased incentives around innovation with a new patent box scheme that can reduce tax on innovation profits to just 10 per cent.

"Savings is one thing, setting up our country for the future quite another. This is what I encourage members to consider when the Bill returns to the Lower House."

Alex Malley is the chief executive of CPA Australia

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